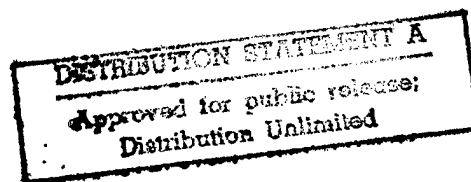


JPRS-EER-90-148
26 OCTOBER 1990



**FOREIGN
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East Europe

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BULGARIA

SDS Leader Beron, BSP Official Tambuev Exchange Views

90BA0344A Sofia POGLED in Bulgarian 5 Sep 90 p 3

[Article by Emiliya Bakharova detailing a dialogue between Petur Beron and Georgi Tambuev; place and date not given: "Contact Between Poles"]

[Text] Georgi Tambuev on Petur Beron:

We met some 10 years ago. I could feel from our lengthy discussions and his diaries on his travels around the world that he was a great scientist who was willing to sacrifice himself for the sake of his studies. I listened to his curious experiences and admired his willpower and character and his persistence in defending the environment. At that time I wrote a long article that was published in TRUD.

In the summer and autumn of 1989, I saw Petur Beron as a passionate public figure in the various actions sponsored by Ekoglasnost. Today I see him in the Grand National Assembly, and I am pleased that the SDS [Union of Democratic Forces] parliamentary group has chosen as its chairman such an honorable, well-intentioned, active, and open scientist and politician.

Petur Beron on Georgi Tambuev:

My opinion of him is excellent. I believe that things develop in a way that people who stand firmly on their own two feet should not be treated lightly by society. To stand firm means not to beat one's head against the wall, fanatically shouting "our party, our party!" Events must be seen in their development, with tolerance and intelligence. Georgi Tambuev and I did not meet yesterday. Nonetheless, the very fact that he assumed his civic stance during that rather dangerous time before 10 November is a sufficient characterization. He is one of the many worthy individuals in the Grand National Assembly. He has a firm moral character. His decision to remain in the BSP [Bulgarian Socialist Party] is more worthy than that of some people who, without having been repressed, today claim to be heroes.

Tambuev: What is your view of the future? How can we come out of the crisis in which we find ourselves?

Beron: My personal view does not sum up the views of the SDS because a variety of such views may be found within the union. The slogan "The worse it is, the better," like many of Lenin's slogans, are inapplicable in our situation. I think that we must earmark general steps to leave the crisis behind.

Tambuev: Does this mean that you will join a coalition government?

Beron: The coalition would depersonalize the opposition. It will become a political hostage to the ruling party. However, because this state must be administered somehow and the BSP categorically states that it has no

intention of setting up a one-party government, a solution must be found. We have no right to make mistakes in the next few months. I do not believe that matters have become as polarized as they are sometimes described. The confrontation is in the field of ideology. As to rebuilding the country, we must work together, we must find a suitable way....

Tambuev: Some people jokingly suggest that we shall have to have two ministers per ministry, in the same way that we acted with the commission on radio and television.

Beron (laughing): That is the best way to achieve nothing. I have always opposed any cochairmanship. "Either Caesar or nothing!" A car cannot be simultaneously driven by several people....

Tambuev: Therefore, if we truly want to leave the crisis behind, we must have a stable government.

Beron: That is more than necessary. I have spoken with many foreign diplomats. Our international partners, as well, want Bulgaria to have a stable government.

Tambuev: Apparently only some members of the opposition are against this.

Beron: I have said that "a suitable form must be found."

Tambuev: The political situation in our country is constantly changing. With your participation in the elections, you joined the administrative dance. However reluctant you may be now, you must dance. I am more than sure that your representatives will participate in the future government, despite the categorical statements of some leaders on this matter. It is not in the interest of the SDS to stand aside, the more so since there will be elections for local authorities. In some municipalities you will win those elections, and we will become the opposition. In others, we shall win and you will be in the opposition. By the will of the voters it will become necessary not to kick each other's shins but to work together unless, as a result of thoughtless actions or inactions, we leave a loophole for the appearance of another opposition that will be against you and against us.

Beron: I think everything will fall in place. Things will straighten out and we shall take off.

Tambuev: In one of my articles, I wrote that at this stage social pressure is necessary and that what is more terrible to us is the dull and accepting silence compared to a clearly expressed desire. What do you think about this?

Beron: I think that, with a legitimately elected Grand National Assembly, public pressure is inadmissible. We cannot allow 200, 300, 5,000, or even 50,000 persons to dictate what the parliament should do. This parliament was elected by 6.5 million voters. They alone have the right to tell it what to do—not some individual self-proclaimed representatives of the people. Nowhere else in the world are acts of parliament dictated by street

meetings. A few hundred or a thousand persons get together and say: "We are the people." Yet they are only part of the people. The people are the sum of all parts. This sum was manifested at the elections.

Tambuev: You did not understand me. The parliament works in front of all the people. The people cannot remain indifferent and have no opinion....

Beron: Both people and newspapers could have opinions, make judgments, and be pleased or displeased. However, no pressure should be applied....

Tambuev: Nonetheless, we do not live isolated from the moods of the people. We personally are experiencing the hardships of the crisis. I myself do not approve of the actions of the "Civil Disobedience" movement. Mirabeau himself said that the freedom of the citizen is to obey exclusively the law. "Civil Disobedience," however, does not acknowledge any laws. Its participants are not fighters but instigators.

Beron: We do not need extremes.

Tambuev: I am not speaking of extremes. I am speaking of the type of public discontent that accelerates the processes of democratization. The people have the right to participate in mass actions consistent with the law. They have the right to submit demands. The various special interest groups could address various questions to their elected representatives.

Beron: To their representatives, yes! But not by directly laying siege.

Tambuev: I have paid several visits to the city of truth, and I have found out that it consists of ordinary people (at one point I even took five or six members of our parliamentary group to listen to the fairy tales). My impression is that virtually anyone living in that city suffered a humiliation. Naturally, there are dodgers who are noted for their totalitarian past—as is the case of the poet Kol'o Sevov, who tried to climb aboard the last car of a train of protest—or else getting rid of their complexes. Generally speaking, however, this city is inhabited by sensible beings with whom human contact can be maintained.

Beron: I am in favor of a sensible dialogue with everyone. I think I would not be betraying a secret by saying that occasionally I drink my coffee at the BSP club. The coffee in your club is truly good.

Tambuev: In turn, I have no idea of the quality of the coffee in your building on Rakovski.

Beron: Please come, you are always welcome.

Tambuev: Thank you. I will take you up on it. You are a serious scientist and now also a very serious politician. Is it easy to carry those two burdens?

Beron: There is a saying that a person who is everywhere is nowhere. If a person has too many obligations, he

cannot do everything properly. Therefore, I have been seriously considering which of my many projects I should set aside. As to my activities in the Bulgarian Academy of Sciences and several international organizations, I must admit that I care for them more but that, at this point, I must shelve them. You see, I try every day to write a page or so of my two latest books: *The Cave Fauna in Greece* and *Distant Peaks*. I also intend to deliver my lectures at the department during the next semester because I was able to do so in the previous semester, which coincided with the most tempestuous meetings. Now, as well, I must find the necessary time. I also manage to follow the press. I must admit that, despite the "shootouts," I start my morning with DUMA. As a political leader, I deem it necessary to enrich my knowledge in the political and social sciences. In the course of my recent tour of Europe and America, and my encounters and discussions with Czechoslovak, Polish, and other leaders, I realized how mechanically some errors have been passed on as a result of political incompetence. Specialized knowledge, as well, is useful occasionally.

Tambuev: You are saying that there is something in common between the life of the ants and the bees... and those of people.

Beron: Why not? In principle, I oppose the mechanical transfer of biological laws to social laws. I recall, however, that, when Spinoza wrote his treatise *Ethics*, he transferred spiders from one web to another.... And, if we refuse to think like Kipling (the human pack), we should at least bear in mind that biological laws are deep in the foundations of social laws. Thus, for example, there is a hierarchical system observed by many animals, which is based on the principle of physical strength and whose purpose is to improve the species. In our case, the principles governing hierarchy are more surreptitious, and the objectives are quite concealed. Occasionally, and quite frequently, at that, they are unjustified. Therefore, for example, some social laws have changed biological laws to such an extent that frequently society is ruled by people of a criminal nature....

Beron: What do you like and what do you dislike in the work of the Grand National Assembly?

Tambuev: For a while I worked as a parliamentary journalist, and I attended debates during the previous National Assemblies. I have some experience. I inevitably engage in comparisons. The former National Assemblies were a parody. In a couple of hours all ukases of the State Council were passed and ratified. The people's representatives filled their bags with goods in short supply at the food stand and left. Today's Grand National Assembly is the offspring of free and democratic elections with many competing candidates. It includes a strong opposition. I do not share the view that it is stuck because I believe that it is precisely the way it should work. It is entirely natural for opposite views to be expressed. It is true that occasionally the situation is

heated. But then, virtually all deputies have come to this hall straight from their meetings.

Beron: Within a period of three months, I participated in nearly 80 meetings.

Tambuev: I, too, sometimes had to attend two or three meetings daily. It may be that, unwittingly, we transferred this atmosphere of meetings to the hall, something that is contraindicated in any parliament. On several occasions your people's representatives have jumped to their feet, stormily chanting "BCP! BCP!" I am not surprised at this well-trained chanting because, to the best of my knowledge, more than 50 members of your parliamentary group were members of the BCP. I do not blame them. In the final account, everyone is free to set his position in life. We, too, have actors who pose in front of microphones and television cameras. It seems to me, however, that you have more actors than we do. Perhaps after the glacial period of totalitarianism, the love of microphones and television cameras is entirely natural....

Beron: How should an independently and analytically thinking person feel when the system is breaking down in front of his very eyes?

Tambuev: An interesting question... (He thinks.) Had the system already broken down, perhaps I would have felt like Zorba the Greek. However, I think that it still remains to break down. Although we abandoned the monopoly of power, a large number of totalitarian structures remain. It is only of late that the nomenklatura is becoming increasingly visible because it is on its way out. It seems to me that it will make a great deal more trouble for us with its unscrupulous reincarnations. The battle with it will be difficult.

Beron: I was referring to something else. How will the honest people in your party deal with their moral problems? Is the collapse of totalitarianism not a drama for them? I am not speaking of the turncoats who run from one party to another.

Tambuev: Honest people are naturally antitotalitarian. The struggle against Todor Zhivkov began with the appearance of Todor Zhivkov on the political stage. I shall not list how many members of our party were sent to concentration camps and prisons for participating in that struggle. The drama of the honest people is not the collapse of totalitarianism but the slow process of this collapse. Ten months have already passed since 10 November, and we have still not cleansed ourselves from those who were compromised. We have still not determined the specific guilt for deformations and crimes. Although it really exists, Todor Zhivkov's circle is deliberately being turned into fiction so that some people may escape direct responsibility. I believe that the scalpel of change has already reached the bone. We either will truly change into a new left-wing modern party or we will be kicked into the road ditch of history. In that respect we are being given an opportunity by the forthcoming 39th

BSP Congress. Another opportunity is the open arguments and free debate on "what type of party?" that are taking place now on all levels, with the participation of virtually all socialists.

25 August 1990

CZECHOSLOVAKIA

Editor on Slovak Separatists in Canada

90CH0420A Prague RESPEKT in Czech 5 Sep 90 p 9

[Article by Ales Brezina, who emigrated from Czechoslovakia in 1980 and has been the editor of NOVY DOMOV since 1981: "Canadian Export of the Battle of the Frogs and Mice"]

[Text] Shortly after I became the editor of NOVY DOMOV, I received an invitation to meet with Prime Minister P.E. Trudeau. I have one particular memory of that meeting: Dr. Jozef Kirschbaum, a man with an interesting past, was also present, and requested that Canada introduce compulsory military service. He received polite applause because he is a respected man in Canada. Or rather, he was. Up to the day that a Kingston newspaper brought a 40-page report on him. On that day, Canadian readers saw Dr. Kirschbaum parading around in the uniform of the Hlinka Guard. Now that Canada has started to pursue war criminals, he would very much like to return to Slovakia. Due to his past, poor guy, he has a bit of a problem with traveling; no one really cares much for him. But last week, allegedly, "certain groups" showed an interest in inviting him to Slovakia. With full honors.

At the time, P.E. Trudeau smiled at the old man's preposterous request. Life went on, and the magazine KANADSKY SLOVAK continued to be published in Canada, abounding with exquisite ideas—for instance, that Masaryk had Stefanik shot, and that the Prague Spring was not really the Prague but the Bratislava Spring. This theory was particularly interesting: What really lay behind it was the Slovak's struggle to gain national independence, and those bastards, the Czechs, called in the Red Army to stop it. Also, allegedly, there was not a single Slovak in the collaboration government, because Bilak is from Ruthenia, and Salgovic from Croatia. Or what about the theory of Professor Vnuk from Australia, who considers 14 March 1939 as the climax of all historic events in the world!

Again we smiled, just like our former Canadian prime minister. On 14 March, suddenly Slovak flags began to appear in front of the Ottawa town hall, and the Celebration of Slovak independence was attended by Canadian politicians, whose speeches were just as passionate there as the ones they gave on 28 October about the Czechoslovak Republic. Dr. Kirschbaum continued to collect one distinction after another—one of them was even awarded him by a smiling P.E. Trudeau. During his visit to Canada, Pope John Paul II made a side trip from

Toronto to nearby Markham to consecrate a cathedral, started by the president of the World Congress of Slovaks, Stefan Roman. At the ceremony, attended by 20,000 people, about half of them Canadian Slovaks, a quarter of them Canadian Czechs, (the rest were Croatians, Poles, and native Canadians), all the flags of the world were flown, with the exception of the Czech one. Canadian television broadcast the consecration of the foundation stone. Only one attractive young television commentator had the courage to criticize the act. She cannot be accused of atheism, since she was a nun.

However, Stefan Roman never saw the completion of his cathedral. After his death, Reverend Dusan Toth became the chief spokesman of the World Congress of Slovaks. A man who loves a show, and who has never actually stated his opinion on anything. His great opportunity came after 17 November 1989. At that time the Czechoslovak Association in Canada organized three large demonstrations, to which Toth, as a clergyman, was invited. A large separatist group arrived with him. Perhaps for the first time in history, the representatives of all exile organizations gathered at one place, and Reverend Toth took off for the old homeland with the wind in his sails.

I did not see him again until I caught sight of him descending from the plane in Ottawa together with President Havel. Though sparks were already flying in Ottawa, the storm broke in Toronto. First, Reverend Toth took the president to Roman's cathedral, where he presented him with the SKS [expansion unknown] award.

Contrary to the original plan, V. Havel spent some extra time in the cathedral and arrived a little late for his meeting with his countrymen. Meanwhile, the separatist wing had assumed the lead in the Toronto University hall. The order from Prague was clear: No opposition. The Slovak separatist wing was invited to become the main representative of the Slovaks, while democratic Slovaks, who had gone along with us throughout the years, sat in the audience. The president's arrival was delayed a little more, and suddenly, to everyone's surprise, Dusan Toth appeared on the stage again. Every speaker was allotted only four minutes, but the reverend allotted himself eight. His maxim was: Separated from, but allied with, the Czechs.... The democratic Slovaks and Czechs booed the "separated from," the separatists booed the "allied." Due to this, his speech was extended to fourteen minutes. Each group accused each other of heckling. Havel's speech followed this, and in it the president recommended to democratic Slovaks that they organize on the basis of nationality, not politics. Actually it was Toth's old suggestion for organizing the exiles. The following day, the Toronto newspapers brought a longer article on Toth than on Havel. Among other things in his speech, Toth had requested a break in the word Czechoslovakian. We tried in vain to explain to the newspaper reporters from Czechoslovakia that the problem is not between the Czechs and the Slovaks, but between the Czechs and the Slovaks on one side, and the group of Slovak separatists on the other, between the democratic

elements among exiles on one hand, and elements that want to set up a new totalitarian regime. They did not take our "Battle of the Frogs and Mice" seriously. The events in Toronto were written about as an incomprehensible war between the Czechs and Slovaks, which cannot afflict Czechoslovakia.

But the unexpected export from Canada arrived quickly. Within the month the break in the word Czechoslovakia was being debated in the Czechoslovak parliament. And now the Battle of the Frogs and Mice has even seized Slovakia—and in Prague we are still smiling like P.E. Trudeau, when Dr. Kirschbaum requested him to militarize Canada a little.

Ruml on Efforts To Reshape Interior Ministry

90CH0451A Paris LE MONDE in French 21 Sep 90
p 10

[Article by special correspondent Sylvie Kauffmann: "Czechoslovakia: 'A Practically Unrealizable Task,' Vice Minister of Interior Jan Ruml Declared to Us"]

[Text] Prague—Jan Ruml has the air of an eternal opponent, a feeling about him which some of Central Europe's new leaders have not succeeded in ridding themselves of. Now, at the age of 37, it is still a wonder for him to tolerate a tie all day long and his student corduroy jacket looks sacrilegious in the frigid corridors of the Ministry of Interior. But ever since he was named vice minister of interior of the Federal Government of Czechoslovakia last 26 April, responsible in particular for dismantling the former regime's secret police (StB [State Security]), Jan Ruml has been thankful for his long years of underground activities in Charter 77. He still has formidable moral strength without which he could not deal with a task that he today, in light of the six months he has already spent in the ministry, considers to be "practically unrealizable."

Dumbfounded by the rapidity with which the summit of the Communist edifice crumbled in November-December 1989, Vaclav Havel's team had underestimated the intermediate organizations of the regime's ability to resist. The all-powerful StB was therefore no exception to the rule and Jan Ruml again finds himself with a "George Orwell-type" situation on his hands, as he put it. The former secret police was officially dissolved and a new intelligence and counterespionage agency, the Office for the Protection of the Constitution and Democracy, was created in February: "I discharged," Mr. Ruml said, "all the StB agents who were employed in the struggle against the internal enemy, that is, about 60 percent of that organization's permanent personnel." This process, carried out on the basis of the ministry's files by "verification commissions" formed in the most reliable possible way, was completed in June. And yet, he went on, "the reports available to us reveal

that these former agents continue to operate and maintain links with the KGB (Soviet State Security). They are working against the democratic regime instituted after 17 November."

State Within a State

The conclusion reached by Jan Ruml, that it is impossible to have done with the StB as an isolated entity, "because it had penetrated all the social institutions. Now we have to transform our social institutions. It is within this context that we'll succeed in vanquishing the colossus." Under the previous regime the Ministry of Interior was "a state within a state. For example, all the StB agents lived together in the same suburban compounds, which used to be called 'bludgeon suburbs.' Of course, they still live there and therefore continue to be in contact with one another. On top of all this, their wives are often employed by the Ministry of Interior administration, which means that through them they are still being informed about the ministry's various initiatives. And we, we scarcely have any chance of intervening in their lives."

Another example: The new officials recently noticed that the discharged agents have been recycling themselves by setting up private detective agencies. "Worse yet, they're rearming themselves since, in connection with their new activities, they claim the right to gun permits. We haven't maintained strict enough surveillance on them in their search for new jobs." But who is issuing them gun permits? The mayor of Prague's office, whose administrative staff has remained the same. "I know," Jan Ruml smiled, "it's a vicious circle. We sometimes get the impression that what we've just thrown out the window is flying back into our faces." Not to mention those whose "expertise" in the end proves to be indispensable: The new office has had to recruit former StB agents experienced in surveillance and telephone bugging.

The new Czechoslovak Government has made several mistakes, made worse by inevitable handicaps: In forming its first government in December, at first reluctant to do so, the Civic Forum refused to fill the post of minister of interior, preferring to place that department under the authority of the vice prime minister. This is tantamount to saying that the ministry was left to its own devices during that period. "It was at that time," Jan Ruml figured, "that some of the files were destroyed." Then Mr. Richard Sacher, a member of the People's Party (an ex-satellite of the PCT [not further identified]), was appointed minister of interior, but he kept a general who had performed the same duties under the former regime on as his assistant. "Sacher made the mistake that Jan Langos (the former Slovak opponent who replaced him as head of the ministry in June) and I avoided: He didn't take with him people he could trust. Here, he was alone and he was manipulated by ministry personnel. All things considered, he lost six months."

KGB's Role

The result: Ruml and his friends estimate that the files on about 10,000 agents or informers, those who were still operating at the time the regime fell, have disappeared (out of a total of some 18,000 regular agents and 140,000 informers). Some people have come up with the hypothesis that these files are today in Moscow. Have the Soviets been asked about this? "No," Jan Ruml replied categorically, "we haven't asked them anything. I have no contact with the Soviet secret services and I don't want to have any. I don't trust them: The whole StB was controlled by the KGB." It must be said that Moscow scarcely appears to be cooperative about files, even older ones. According to a former "Prague spring" official, Mr. Vaclav Slavik, a close associate of Mr. Dubcek, Poland and Hungary made their files on Warsaw Pact troops' invasion in 1968 available to Czechoslovakia—"fascinating reading." But the USSR refuses to do the same.

Worse yet: The new heads of the Ministry of Interior have discovered that the KGB "is still operational here, especially through the intermediary of Czechoslovak citizens in localities from which the Soviet troops have withdrawn." All Czechoslovak espionage agents in Western Europe and the United States have been recalled, "but some of them haven't returned and it's possible that they are still pursuing their activities, not under Czechoslovak direction, but under Soviet direction." Jan Ruml even thinks that the "velvet revolution" was instigated by Moscow, which "since 1988 had been promoting a plan to replace leadership teams with communist reformers in three countries—Czechoslovakia, Bulgaria, and Romania—the USSR wanted to keep within its sphere of influence. Here among us, this change was provoked by a brutal police intervention against an anniversary demonstration. This operation had originally been planned for 21 August 1989 (the anniversary of the Soviet invasion), but there weren't enough demonstrators; the next demonstration, on 28 October (the anniversary of the founding of the Czechoslovak State) wasn't considered to be big enough either. But they knew that on 17 November there would be a lot of young people [demonstrating]." But what the perpetrators of this conspiracy did not know "was that Czechoslovak society's discontent was so deep-seated that people would not be satisfied with a cosmetic change, that they would demand a change of regime."

Jan Ruml laughed at the statuette of Dzerzhinskiy (the founder of the Soviet secret police), which he had put on his desk as a joke—"a pal of mine found a drawerful of them"—and at the enormous olive-green safe that he had had repainted white. He did not have too many pangs of conscience about his responsibilities: "Since, on the whole, I consider the StB to be a criminal organization, discharging people from this ministry doesn't pose any problems for me; what bothers me most is this power to directly intervene in people's destinies."

"I'm going to bring in more paintings like this one," he said, showing us a nonconformist canvas on the wall. So, [we asked,] you're getting settled in? "When I accepted this post, I thought I'd only be here until the elections," he replied. "I'd much rather go back to my profession of journalist.... Now, I have the impression that I'm going to be here until the end of my days." But Ruml is one of those who persuaded Vaclav Havel to become president when he was still hesitant, "and he agreed on condition that we would never refuse to help him.... So, I'm trapped."

Diverging Estimates for Damages Caused by Soviet Troops

90CH0428A Zurich DIE WELTWOCHE in German
6 Sep 90 p 13

[Article by Inge Santner: "Reckless Management of Hazardous Waste"]

[Text] Czech prime minister Petr Pithart, by no means a hothead, resorts to a drastic metaphor. As far as he is concerned, numerous locations in the CSFR look as though "the Red Army had declared chemical warfare on them."

He is not the only one who feels that way. The joy of the Czechs and Slovaks over the withdrawal of the Soviet occupation forces, numbering 73,500 fighting men and 39,000 civilians, along with 1,220 tanks, 2,505 combat vehicles, 77 military aircraft, and 164 helicopters, is increasingly being tempered by the fact that the Kremlin forces are leaving a wide swath of destruction behind.

This year, the 15 million citizens of the CSFR had their first opportunity to commemorate 21 August without grieving. The anniversary of the 1968 invasion by Warsaw Pact forces which had put a violent end to the Prague Spring turned into a folk festival. Witnesses to the event were interviewed on television; historians were interviewed on radio; and the print media carried documentary articles which had been taboo for 22 years. All of them gloated over reports on sad-looking Soviet soldiers aboard trains carrying them back home.

Up to now, the reports said, the withdrawal is proceeding exactly according to schedule. Moscow really seems determined to abide by the agreement signed on 26 February 1990 which calls for complete troop withdrawal in three stages. The first stage involving a total of 25,827 men was completed on 31 May. The second stage to be completed by year's end is proceeding strictly according to schedule for the moment. The third stage may even be completed ahead of schedule, i.e., by this winter instead of 31 May 1991, as stipulated in the agreement.

What Big Brother is leaving behind, however, turns out to be an extremely unpleasant surprise. By official Prague estimates the ecological damage caused by the Soviets is of "gigantic proportions." The cleanup costs

will amount to roughly two or three billion crowns or between \$140 million and \$210 million at the official exchange rate.

The things that are visible to the naked eye are bad enough. The 160 Soviet housing areas on CSFR soil including newly built apartment complexes and confiscated army barracks are located in the midst of veritable moonscapes. Where grass once grew, there are slimy deserts churned up by the tracks of armored vehicles. Most of the broken window panes in the dormitories have been pasted over with wrapping paper. The access roads have been ripped open; the firing ranges are covered with bits and pieces of ammunition and duds. Huge piles of gasoline canisters, automobile tires and plastic refuse rise up among and between the ruined buildings. Frequently, mere holes in the concrete floors served as toilets. For comfort, the users had placed chairs with their seats knocked out over these holes.

But the things that are not visible are far worse. Over the years, millions of gallons of crude oil seeped into the soil, some of it simply spilled and some leaking from underground drums. The reckless handling of hazardous waste and chemical agents took care of the rest. Understandably enough, the Kremlin sent few of the Russian elite units to serve in foreign countries. Most of the troops came from the faraway Soviet republics in Asia where different customs and regulations prevail.

Alarm Bells Are Ringing

As long as the communists held power in Prague, the Soviet bases were off limits, even to members of the Czech military. Czechoslovak environmental experts probably had an idea what conditions were like inside the bases—but they were under no obligation to know for sure.

But now they do know. Ever since a special Czechoslovak-Soviet fact-finding commission with wide-ranging powers was set up in early May the shocking truth has been coming out day after day. The ecological alarm bells have not stopped ringing.

All around Milovice, where the Soviet headquarters is located, the sources of drinking water are virtually useless, including those which were to have provided Prague itself with drinking water. Samples showed that a layer of oil several meters thick was floating atop the ground water. The many waste dumps scattered throughout the country do not even meet minimal standards of hygiene and contain a large number of hard-to-identify chemicals. Even optimists believe that it will take at least 10 years to clean up the polluted areas.

Similar reports are coming in from smaller Soviet bases, such as Frenstat, Bruntal, and Libava in Moravia, and Hradecany in northern Bohemia. In Krnov near the Polish border the drinking water supply of the important industrial towns of Ostrava and Olomouc is in jeopardy. In eastern Bohemia, the damage caused by the Soviets to the local forests amounts to 6.5 million crowns.

In order at least to come to grips with the dangerous chemical pollutants, Prime Minister Pithart went to Washington asking for help in the form of U.S. Army experts. The CSFR, he said, does not have the expertise or the money to get this new problem under control, much less to resolve it completely. For understandable reasons, Prague was not keen about relying on Soviet experts.

In theory, the Soviet Union has an obligation to make financial restitution. For that matter, Moscow does not dispute the fact. After the opening of the bilateral talks last spring, Czechoslovak Gen. Svetožar Madovic expressly praised the "positive attitude of the Red Army with regard to the compensation issue."

But the longer the matter drags on and the more apparent the extent of the catastrophe becomes, the more obstinate the Soviets get. Increasingly, they prefer not to attend scheduled talks.

The positions continue to harden. In May, the Soviets indicated that they would not make reparation payments on separate items but would rather include them in a barter deal, i.e., deduct them from the payments they expect to receive in return for turning over their housing projects and military installations to the CSFR. In mid-July, Soviet foreign ministry spokesman Gennadiy Gerassimov characterized Soviet and Czechoslovak damage estimates as being "substantially at variance." In late June, the Soviet army newspaper KRASNAYA ZVEZDA [Red Star] carried an interview with Gen. A. Zuyev, the deputy commander of the Soviet central army in the CSFR, who stated outright that Prague's accusations were "greatly exaggerated."

By now, the two sides are holding their ground. The Prague government emphasizes that it is not interested in inheriting the decrepit and "useless" Soviet buildings. Moscow, for its part, refuses to accept responsibility for ecological damage caused in part the Czechs and Slovaks themselves, the principal argument being that the country already was so thoroughly polluted that little additional harm could be done to it. It is well known, the Soviets contend, that 58 percent of the Czech forests and 35 percent of Slovakia's have suffered serious damage from atmospheric pollutants and 70 percent of all rivers are almost hopelessly polluted. Given these figures, the pollution caused by the Soviets could hardly amount to a great deal.

How will the dispute be resolved? Is the Prague government likely to give in? The CSFR leadership probably realizes that Gorbachev's Soviet Union is really in no position to pay up. What is more, Prague would like to see the remaining Soviet troops leave their country at the earliest opportunity. Military discipline is declining with each succeeding day; alcoholism and burglaries, both on the rise, are becoming intolerable.

At the most recent negotiating session in Moscow, the CSFR delegation even announced its government's willingness to ship prefabricated housing for at least 10,000

men to the Soviet Union, if the Kremlin agreed to repatriate the remaining units ahead of schedule. The newly sovereign state is sick and tired of the old occupiers. Enough is enough. A new chapter in Czechoslovak history has begun—even if the soil from which it sprouts may still be polluted for some time to come.

Czech Historian Looks at Czech-Slovak Relationship

*90CH0452A Prague LIDOVE NOVINY in Czech
18 Sep 90 p 8*

[Article by Jan Kren: "On the Philosophy of Czech Statehood"]

[Text] It has always been a pleasure to read the writings of Petr Pithart, and even if one did not sometimes agree with him, one always benefited from them. They were inspiring and they stimulated one's own thinking. On this single point I would disagree with the recent criticism of the Czech Premier by D. Kubalek: In a nation which had a Masaryk and has a Havel, a politician perhaps should not have to, even temporarily, "suspend the philosopher and the political scientist within himself." A high function demands a great deal, but not so much that a leading politician should have to amputate a part of himself, and a valuable part at that—as long as it is not at the expense of forceful action which he so needs today. No matter how strong the political pragmatism may be, it will not be enough to fulfill the great task of forging Czech statehood within the new structure of the republic: That requires a wide range of vision and outlook, a penetrating political strategy which needs a solid philosophical base. Pithart's consistent effort to think in this way deserves to be appreciated and belongs to the best tradition of Czech politics.

The building blocks of Pithart's philosophy of Czech statehood, contained in his latest speeches, need to be, of course, looked at and examined more closely. That concerns mainly his analysis of the Czech national consciousness as a "deep slumber" and his opinion on what the reasons for it are. Petr Pithart sees it in the Czechs' maximum national satisfaction, in the national homogenization of the Czech environment which lost its inner as well as external causes of ferment, the Germans, the Jews, and the emigres. That Czech consciousness or self-confidence was damaged is, of course, without question, and to the number of negative factors could certainly be added the post-Munich and post-August (here I have in mind mainly August 1969) developments. Definitely not omitted should be the consequences of the 40 years of totalitarianism which played havoc with the Czech national spirit. To begin with, in the fifties it cunningly played through Nejedlý's campaigns on the old nationalistic prejudices, only to reveal after 1969 its innermost substance, a substance truly antinationalistic and antipeople; these discredited concepts are totally appropriate here. And at issue here was not just an ideological indoctrination: the total failure of the real socialism only exacerbated the destruction of national

pride. We were ashamed of our servile dependence on the Soviets, of the repugnant nonfreedom, of the devastated land and the disorderly economy with its low standard of living; and of course the imitating of the West, which is moreover not even close, does not do much for national pride either.

But the Czech national "slumber" is not entirely a negative thing and does not have only negative causes as Petr Pithart sees them. The fact that today's Czechs are not among Central Europe's greatest nationalists has, after all, also its positive value and positive causes. First among them is a critical contemplation of our own reality, our own history and nationalism, to which Petr Pithart after all contributed substantially in the samizdat press—he shall be defended here against himself. Let us look at the most fundamental and most painful areas of Czech nationalism, the relations with the Germans, Jews, Slovaks, and Russians. Has not a great deal of criticism already been done in this respect? Surely the results of the efforts of the not insignificant portion of the Czech reformist intelligentsia, which became so intensely involved on behalf of the Slovaks in opposing Novotny's Czech-Communist centralism and its Slovak flunkies who in turn developed into its leaders during the Husak-Bialek era, did not disappear without a trace. Was it not quite a feat that already 20 years after the war, when the West German democracy was still just getting rid of its Nazi and nationalistic legacy, the first Czech criticisms of the expulsion [of the Sudeten Germans] were being heard and the historical anti-German stereotypes were being demolished? And the dissent continued—in the German question, in the Slovak question (here Czech dissent can be rebuked for very little), but also perhaps in the relationship toward the Russians. Not that they are liked very much in Bohemia because of everything that their rulers did to our country, but also because it took the new Russian powers such a long time before they even began to deal with the Czech or Czechoslovak wound. But a general elemental and blind hatred such as existed during the Nazi occupation thus far does not exist toward the Russians. When Vaclav Havel told the American congressmen that they would help us if they helped Russia, he did not need all that much of that Masaryk-style courage to go against the tide of the nation's public opinion.

One of the branches of our intellectual life which has a lot of nationalism on its conscience is historiography, but even in this matter its balance sheet is not all on the debit side. About Czech historical science one of its best foreign experts, Professor S. Seibt, wrote: "I cannot easily find a parallel for a dramatic struggle such as Czech historians, collectively and individually, fought practically against themselves and won. It is an instructive, even a famous chapter of European historiography, even though it also delivered blows all over." We should not bask too much in this praise, but neither should we overlook the criticism of our own ranks; there was not exactly a shortage of Czech self-criticism during the past 20 and 40 years. A harsh, unmerciful, and often provocative criticism of the nation and a skepticism concerning

it and the heroic moments of its history was a hallmark of Czech dissent, and not a bad hallmark at that. But since then quite a lot has changed, and views that were valid many years ago cannot stand unchanged. That is not a call for an intellectual and critical restraint. Masaryk as president also framed many things differently than he did during the resistance or even before the war—and he did not cease to be himself and did not betray his past. In may be said that Petr Pithart is yet to undergo such a change; he still reminds me more of a dissident than a premier.

He would like the Czech national feeling to be awakened, but he maintains that it is still only a "reactive creation", a reaction to the ferment and pressure from Slovakia and he considers that bad and insufficient. I do not have such a gloomy impression of us Czechs; if we turn our gaze away from the marginal excesses, the Czech attitude is for the most part: If the Slovaks decide on a separation, we cannot prevent it. Quite often an analogy is drawn with the peaceful separation of Norway and Sweden in 1905. Even with all its undertones of bitterness it is not, after all, anything like the militant nationalism which now often rears its head in Eastern Europe. But if today we are convinced (and are being assured) with some feeling of uneasiness that the silent Slovak majority does not want a separation, we certainly need not feel uneasy about the Czechs—so far. Czechs are a nation with an innate capacity for creating and forming a state and the tradition of a national state does not date only from 1918: The Czech State law has a very ancient history which has not been forgotten. Pithart's idea that somehow the Czech statehood is in the year zero, and that it must somehow still be built from the ground up and from small beginnings, seems to me strained and overly dramatized; it is justified only insofar as he thinks that the state-forming potential of the Czech Czechoslovakism cannot be used in behalf of Czech statehood.

But the matter of the relationship between the traditional Czechoslovakism and the new sense of Czech national identity, about the necessity of which I am not convinced, the less so today, is quite complicated. I do not think that Petr Pithart expressed this complexity too well in his statement that a federal nation does not exist. A witty way to put it, but it tells only half of the truth. In this country, after all, live a countless number of Czechoslovaks, that is, children of mixed Czech and Slovak families, and besides those also a countless number of Czechoslovaks in spirit, that is, those who quite naturally feel themselves to be Czechoslovaks. Pithart with his partiality for Czech statehood considers such thinking to be a minus, an obstacle to an intellectual acceptance of Czech statehood in a Czech society, or at the very least a current flowing apart from it. According to my mind, that is a mistake; today's Czechs do not even have much in common with the closest historical analogy of a nation that had a rather cool relationship to its own national statehood, the Austrians of 1918. Czechoslovak consciousness, which in many of us gets on very well with the natural Czech national feeling and the joyous Slovak

national feeling (and does not necessarily connote imperial Czechoslovakism) is not, after all, only a matter of nationalism, but also a political matter. For it is a supreme and clear expression of the ability to form a state, and, at the same time, thanks to tradition, the propensity toward democratic values of a civil society: People who think as Czechoslovaks rarely belong among adherents of undemocratic trends. And although it is all rather dilapidated—and what is not dilapidated here today?—we have values here that are essential and useful also for a Czech statehood and a valuable contribution to it, especially if that statehood is conceived in federal terms. Certainly it carries within it more good fortune than the misfortune Petr Pithart sees in the dissipation of Czech statehood.

And now about the federation. Pithart's cultured, sober, and restrained comments about the arrangement of the relations between both nations sound sympathetic, but the voices from Bratislava—even from the government side—are much harsher. Petr Pithart is no doubt correct when he stresses the Inarsky [as published] outcome, namely the agreement on the self-financing of each of the republics. If it is consistently carried out, it will be a reality of fundamental import, in the face of which many an administrative authority will lose some of its importance. Following a socioeconomic equalization of both republics, which was achieved to a not inconsiderable degree during the redistribution of the GNP [gross national product] (Slovaks should admit that—not to us, but to themselves, in order to have a clear view of their own national existence); it is, of course, axiomatic—and a Czech Government which could not push through even that would not pass muster as a defender of national interests. As basic a condition as this material base is, it does not exhaust everything that needs to be done to determine mutual relationships. That is what holds the attention of the public the most at this time. To provide a closer look into the mysteries of the government's ideas on these questions, the premier chose in the Czech National Council a very theoretical explanation of the differences between a confederation and a federation. It was not entirely beside the point, at least because of the fact that a confederation is entirely beyond the limit acceptable to the Czechs: It must be appreciated that the premier said it in a mild manner, but clearly. To be confronted with a powerful, prosperous, and united Europe and with a powerful, prosperous, and united Germany is a task the weight of which we are still to experience, and which will be harder than we can now imagine. To face up to it would be certainly easier in the configuration 10 plus 5 (Czech Republic plus Slovak Republic). But the troubles of a confederation would only weaken us both, so that instead of 10 plus 5 there would be something more like 10 minus 5; if there are Slovaks who are willing to take this risk, not many Czechs like that will be found.

However, even by differentiating it from a confederation we could get much insight into a federation either. There are a good many federations, but a theoretically pure

model of a federation is hard to find in the European practice of structuring a state, much less in the complicated Central Europe. More than a comparison with a theoretical confederation, our contemplation of a federation would be probably better served by a comparison with another form, one which our nations have after all experienced in their history, that is, the Austrian-Hungarian dualism. It is possible that the history of this coexistence in a state, its advantages as well as drawbacks, examined in detail by historiography, could serve us as a good lesson—about both its good and the bad aspects; with all its historical differences and remoteness from today, this comparison is closer to our reality and can tell us more about the future federation than the mirror of a theoretical confederation which the premier presented to us. Perhaps it was precisely this not very fortunate presentation which gave me the impression that even that impressive speech in the Czech National Council was quite stingy with substantive information—about what importance these issues have for all of us; in the criticism of this matter should not be seen only a pursuit of superficial sensationalism but a real concern which we share with the government. Although Petr Pithart was the first to give a somewhat coherent sense to the slogan about two strong republics, which are said to be the only thing that will form a strong federation, for me this slogan is still not very persuasive. Not even the assumed diminution of the state domain by the introduction of a market economy will remove the problems of its division. And so I cannot help myself: The larger slice both republics will cut from this pie, the less will be left for the federation. Perhaps this metaphor is too mechanical, but it nevertheless indicates the dilemma contained in this pretty slogan—the public has the right to know how the government (governments) propose to resolve it.

There are other such problems. What, for example, is the position of the Czech Government on the time limitation of the federative union, as it was all of a sudden indicated from the Slovak side. We know well the fateful 10-year terms from the history of the Austrian-Hungarian settlement, as well as from Tuka's theory of vacuum iuris which was supposed to occur 10 years after the year 1918. Although the nationality issue is being resolved by constant planning, in that Dr. Carnogursky is correct, states founded on a notice of cancellation already given in advance probably will not be very happy—we should not be surprised that the public reacts with unease when the Czech policy says nothing about it. Similarly, the public should be made aware of the position of the Czech Government on the problem of parity which is so often being practiced. How is the parity of two unequal parts to be brought into harmony with the principle of majority of every democracy? Or is only a prohibition of imposing the will of a majority in nationalistic matters being considered? That is a principle fully acceptable in a democracy. But if it is adopted, how are nationalistic issues going to be defined? We would also like to know more about the negotiating mechanism, about the technique of compromise which

Petr Pithart recently emphasized in the Ministry of Finance—and rightly: In a federation it will be a vital necessity.

This list could go on and should, about economic issues as well; the market will not solve them all and before it is here much water will flow under the bridge and the federation will have to navigate it."

To summarize: The government, the experts, and the representatives must clearly and explicitly formulate the Czech national and state platform, so that it can be compared with the Slovak one, and ascertain if there is accord or at least a possible and productive compromise, or even if there is no possibility of one—and for that they need time, space and trust. But such weighty issues cannot be left solely to the political and administrative top echelons, and the top echelons must also trust us, the citizens. Czech statehood and its prospects in the new Czechoslovakia, in the new Europe, and as a neighbor of the new Germany (this consideration is no less important than the internal Czech-Slovak relations, and Czech policy must keep it constantly in mind without needing the Ministry of Foreign Affairs for it) must be an open issue and one that will require the approval of the public. Without a profound, truly philosophical foundation this question cannot be resolved, and Premier Pithart took considerable steps in that direction. It takes nothing away from their importance that they are not always complete and well balanced, which, however, is absolutely essential for good policy. But the formulation of the philosophy of Czech statehood cannot be only his job or a job for top politicians, but a matter truly national in scope. We, too, the rank and file citizens, have the right to say something about the fate of our future state, and say it we shall—and not just later during the elections.

Renewed Interest in Future of Ruthenia

90CH0453A Prague LIDOVE NOVINY in Czech
21 Sep 90 p 3

[Article by Jaromir Horec: "Subject: Ruthenia"]

[Text] An interview with P. Shelest in the Moscow newspaper KOMSOMOLETS toward the end of August sounded like the voice from beyond the political grave. In 1968, during the best years, this 83-year-old senile old man was once the most powerful person in the Ukraine; he functioned as first secretary of the Communist Party and became a member of Brezhnev's Politburo in the CPSU Central Committee.

The testimony of all who, at that time, were following Shelest's words and deeds confirm that he acted like a ruthless hawk and that his animosity toward the reforms and ideas of 1968 frequently verged on being deep-rooted and had nothing in common with objectivity and truth. Today, Shelest is pretending to be a dove of peace. He was allegedly opposed to the armed intervention of the military: "I thought at the time that it was necessary to apply political methods and, in so doing, to rely on the healthy forces in Czechoslovakia," he defends himself.

However, there is nothing which would attest to his having taken such a position; precisely the contrary is true.

An additional part of the interview published in KOMSOMOLETS says more about Shelest's attitudes. "I was primarily opposed to Dubcek's inconsistent policy," he states. "I asked Dubcek what was happening in his country? Why were they distributing leaflets at the border demanding a part of the Ukrainian territory? He answered me by saying that he knew nothing of this. But if he does not know, then he does not have the situation in hand. It was necessary to relieve Dubcek. There was no other way out, he had become the hero of the rightist forces in Czechoslovakia!"

As can be seen, this dinosaur of Brezhnevism has not understood anything either then or today.

However, let us devote ourselves to Shelest's finding that "a part of the Ukrainian territory was being demanded." This information undoubtedly originated with the "pro-Eastern" Bilak; at the beginning of the 1950's, he liquidated the orthodox church and contributed to preventing the European public from finding out anything regarding the cruel fate of the Ruthenian people in Ruthenia, who had been delivered up to Stalinist russification and ukrainization. In 1968, the occupation of that country was not spoken of and the contention that its return to the republic was being demanded was merely a provocation which was typical of the Brezhnevites so as to provide them with an additional pretext for attacking the Prague Spring. Nevertheless, since this question is now being opened up, it is not possible to circumvent it in silence.

This year in July, the Army daily KRASNAYA ZVEZDA printed the opinion of another Ukrainian. Not just any Ukrainian: O. Vitovic is a delegate from the oblast soviet in Lvov and a member of the Union of Independent Ukrainian Youth, which was recently established clearly on the ideological principles of a Great Ukraine. The delegate was heard to say that his followers "have territorial claims against Russia, Poland, Czechoslovakia, Romania, and Moldavia."

A sensible person would shake his head over Vitovic's audacity. After all, it was precisely the Ukrainian SSR into which Stalin illegally incorporated Ruthenia, an integral part of the Czechoslovak Republic in 1945. Everything that happened in Ruthenia after 1944, when the Soviet Army broke into the territory, is in violation of international laws, is contrary to the Czechoslovak Constitution of 1920, and is quite evidently a product of Stalinist aggressive policy connected with the end of World War II.

In this whole problem, one seemingly minor factor is being overlooked. In 1945, the USSR also annexed a portion of Czechoslovak territory, in addition to Ruthenia. For the most part, this fact is not known. Even

though it was only a negligible portion north of Cierna nad Tisou, it is necessary to consider even this case as an illegal annexation.

If we consider this occupation from the standpoint of the demands made by O. Vitovic, who enunciated territorial claims against Czechoslovakia, then it is clear that some Ukrainian groups are laying claim to still other parts of Slovakia. In addition to Ruthenia, they would like to occupy Slovak territory from Svidnik Mountain to Presov; this is territory which never belonged to the Ukraine—much like Ruthenia. Such plans must be rejected by the republic, not only by Slovaks, but also by Czechs. And what is more, it is not possible to disregard the views of the population of Ruthenia. After 50 years of oppression (from 1939 following the Horthy occupation and then from 1944 when the country was occupied by the Soviet military), the popular movement in the country has finally decided on action. Groups have arisen which are proclaiming the return to our republic; lists already exist containing the signatures of citizens supporting this demand; and even unofficial periodicals carry information on this topic. The future fate of Ruthenia should be developing toward greater freedom and democracy, as well as toward national self-determination and independence in conjunction with the new international situation in Europe.

POLAND

Future Cooperation Between Polish, Soviet Police Outlined

90EP0875A Warsaw PRAWO I ZYCIE in Polish
No 37, 15 Sep 90 p 6

[Interview with Col. Gennadiy Chebotarev, deputy chief of the VI Administration of the USSR Ministry of Internal Affairs, by Iwona Jurczenko; place and date not given: "Our Criminals and Yours"]

[Text] [Jurczenko] You came to Poland concerning the noisy affair of the murder near Siestrzen, where the bodies of two men who had been shot were thrown out of a navy blue Audi and dumped onto the highway. At the time there was talk about Polish and Soviet gangs settling accounts. How far do these ties go?

[Chebotarev] Do you want me to give you information that our Polish colleagues have refused to reveal to the press for the time being? We will be able to discuss the matter once the dissemination of certain facts will not interfere with the investigation.

[Jurczenko] The department you are in charge of is handling the fight against organized crime. You are the head of the delegation of the Soviet Ministry of Internal Affairs visiting Poland as guests of the Headquarters of the Police [KGP], so I imagine your conversations are going beyond the Siestrzen affair.

[Chebotarev] Yes, we are also talking about future cooperation on a lot of other matters. The contacts between the Polish and the Soviet investigation organizations have been maintained through diplomatic channels up until now, and this naturally took quite a long time, but criminal cases usually call for rapid, direct contact.

[Jurczenko] Could you give concrete examples of such cases?

[Chebotarev] Please understand that the operations we engage in call for certain conditions to achieve the desired effects and above all the secrecy of concrete achievements, at least for a certain period of time. Our investigative bodies only have initial data. Besides, the essence of criminal activity lies in its scope and nature, not the details. At the moment we are interested in several dangerous, well-organized international criminal groups. The activity of these groups confirms our conviction that we need to maintain established, direct contacts with the Polish police.

[Jurczenko] What is this cooperation going to be like?

[Chebotarev] We want to take practical advantage of all the possibilities, to exchange experts back and forth once special permanent channels of communication have been established, and to carry on joint operations, with full mutual respect for the sovereignty of both countries, of course. I would like to emphasize here how the style of our contacts has changed from the old style. We are beginning with direct working cooperation, bypassing the whole formal level and unnecessary bureaucracy.

[Jurczenko] After all, a KGB representative with official Ministry of Internal Affairs accreditation is working in Poland to smooth the way for making arrangements quickly in such cases.

[Chebotarev] We think that direct working contacts will be the most helpful in quickly resolving mutual problems facing our departments in connection with the increase in Polish-Soviet crime. The exchange of representatives from both investigative bodies supplements the possibility, and it does not preclude other forms of cooperation. There will be some sort of corrective to the activity of the previous representatives in the direction of a practical resolution of concrete problems.

[Jurczenko] Is the Soviet Ministry of Internal Affairs engaged in similar cooperation with other countries?

[Chebotarev] Yes. My earlier visit to the United States and other countries are proof of this. Like the Polish police, we have filed an application to join Interpol, so our delegations will probably also be meeting in Ottawa at the organization's general assembly. Poland is our closest Western neighbor and a transit territory for quite a wide variety of criminal operations. Therefore, insofar as cooperation is concerned, I think that this is the greatest area for activity.

[Jurczenko] Is it mainly Poles smuggling gold?

[Chebotarev] Gold and other things. I am sorry to say that despite the fact that the customs regulations are more liberal, we are detaining more and more people on smuggling charges, both Polish organized crime groups and individuals. The scale of contraband is also revealed by the frequent discoveries of large quantities of goods hidden in trains, goods which go unclaimed.

[Jurczenko] How many Polish citizens have been arrested in the USSR for various crimes?

[Chebotarev] In our preparations for this visit, we gathered information only about the most dangerous people falling within the scope of our interest in connection with their criminal activity in our country and their ties to Soviet criminals. There are several dozen such people, and these people have not been arrested. The development of criminal dealings perpetrated by Poles is also making them victims of crime, because groups have formed in our country that specialize in robbing such "businessmen" from Poland.

[Jurczenko] So the Soviet mafia is fighting Poles who are spoiling things for them?

[Chebotarev] I do not think we have a typical mafia structure in our country in the sense of a single body directed by a single person. It is nonetheless true that various sorts of criminal groups are getting better organized, and this is a very dangerous thing.

[Jurczenko] The police structures are being rebuilt in Poland, and new police structures are actually being constructed from the bottom up. Are changes taking place in the Internal Affairs Ministry in the Soviet Union too?

[Chebotarev] Taking these processes as a whole, they are similar in nature.

[Jurczenko] Is the name "militia" being changed to "police" too?

[Chebotarev] It is not a question of the name, after all. The essence of the activity of the militia or the police is to go after criminals, and this activity is the same all over the world. We have been living under perestroika for several years, and from the beginning we have been trying, for example, to combat the "telephone law," which consists of informal attempts by various political powers to influence the operations of the militia and use it for various purposes. I think we have been successful in combatting it.

[Jurczenko] Our society, which is tired and terrified by the torrential rise in crime, is demanding that the Polish police step up their operations, asking for a change in operating methods, and calling for actual brutality in the fight against crime. Are things the same in the Soviet Union?

[Chebotarev] The publication of criminal statistics came as a shock to the Soviet population. Suffice it to say that we chalked up 22,000 murders a year, which just goes to

show the enormity of the problem. At the moment in our country, too, there are demands for increased militia activity, but brutality smacks of impropriety, and such activity is not popular. People are asking that the militia be resolute and decisive, but within the framework of existing law. There have been a large number of cases where the militia has used weapons, but there are also regulations in our country that require a vocal warning and firing a warning shot. The problem is open to discussion and also involves the matter of proper professional preparation for employees of the Internal Affairs Ministry, especially that for militia patrols most often facing the need to use weapons. Overall I can say that our criminals have already felt the impact of increased militia operations, and this is not just our opinion but also that of the criminal community.

[Jurczenko] Thank you for the interview.

The working meeting of the representatives of the Investigative Operations Office of the Police Headquarters of the Republic of Poland and the VI Administration of the Soviet Ministry of Internal Affairs lasted several days, ending 6 September, with the signing of an agreement for cooperation between the two operational services to combat organized crime. "Agreement was reached over exchanging information on investigative operations and other matters, on implementing mutually defined practical efforts to detect and expose established criminal groups that have international ties and are involved in criminal activity, such as corruption, extortion, the sale of narcotics, smuggling, arms deals, illegal currency operations, and other extremely dangerous crimes."

Col. Krzysztof Jablonski, director of the Investigative Operations Office of the KGP says: "Setting up direct teletype and facsimile transmission between our services will make it easier for us to exchange information back and forth on crimes planned and carried out and on methods of investigating the organizers and members of criminal groups. This will permit immediate transmission of data concerning handwriting, fingerprint records, and other materials helpful in identifying detained persons, for example, and will also make it possible to hold quick consultations on cases in progress. We are also planning to delegate employees, consultants, and specialists to carry on joint operations and systematically set up similar working meetings."

YUGOSLAVIA

Parallels Between Actions of Ustashi, Tudjman
90BA0333A Belgrade INTERVJU in Serbo-Croatian
17 Aug 90 pp 12-14

[Article by Dragan Barjaktarevic: "The Ustase and Tudjman"]

[Text] There are many indications that a dark, sinister history is being repeated in Croatia. The Serbs, who were

once the victims of that Satanization of history, do not believe that the coincidences are innocuous. A person who has once been burnt by a hot stove flees even from a cold one.

Yugoslavia has been sullied with the same words in both 1941 and 1990. To the Croatian leadership, both then and today, it is a prison from which one must escape and create an independent state of Croatia. When he came to head the NDH [Independent State of Croatia], Ante Pavelic announced, "There is no more Yugoslavia." Mr. Franjo Tudjman, then, will say that "Yugoslavia is dead." The announcement of the death of "Serbian Yugoslavia," in both cases, has been explicitly accompanied by spitting upon everything that is Serbian.

Ante Pavelic did not lose any time in dealing with amendments and constitutions. After a brief process, two days after stepping "onto the sacred Croatian soil," the chieftain proclaimed the "Legal Provisions on the Defense of the People and State." Defense—against whom? The Serbs, naturally.

The package of measures, laws, and practical implementations that then followed is more than reminiscent of today's situation with the Croatian measures.

Return of the Ustasa Language

One of the first measures of the Ustasa authorities was the complete elimination of the Cyrillic alphabet, following by a ban on religious schools for the Orthodox; first of all the dismissal of Serbian teachers, and then their persecution or physical liquidation. Thus, in a short time all the schools in the NDH became completely pure—Croatian through and through.

Something similar is happening today as well. The new education minister, Dr. Vlatko Pavletic, sent all the education employees in Croatia a "questionnaire" which had to be filled out and submitted to the education authorities. Along with the usual queries, there were also unusual questions about religion and party affiliation. Religion and party affiliation do not have close ties with the educational and pedagogical profession: A good teacher does not have to be a good Catholic (or Orthodox), least of all an HDZ [Croatian Democratic Community] member! Since the purge of Serbs from various places (the police, the courts, the economy...) has already begun, this "questionnaire" cannot have any effect other than introducing panic in a situation that is already pathologically electrified.

Are there plans to draft lists of undesirable individuals in education? Do people want to lay the groundwork for the dismissal of Serbian teachers, instructors, and professors? In view of the return of theology—Catholic, naturally—to the schools, does this mean that Orthodox educators are undesirable? And does the insistence upon the identification of party affiliation mean that the party in power will create party indoctrination? These and

other questions are arousing particular panic in those areas in Croatia where Serbs are the minority population.

In places where Serbs are in the majority, however, as in Knin, for example, education workers who have been informed about the new textbooks and the official promotion of the new Croatian language, which they call Ustasa, are announcing a boycott of teaching. This has to do with a language that is not even understood by many Croats, but which is being injected from above into all types of communications and mass media. An automobile is a "prometalo," a sparrow is a "zrnojed," a fax machine is a "daljinoprijenos," a telephone is a "brzoglas," a foreign language teacher is a "jezikoispravljalatelj," main is "celni..." [N.B.—The Croatian words here, replacing standard Serbo-Croatian words like "telefon," are all constructed from native Croatian roots.] It does not have to be called a coincidence, but in the same way that new language entered the Croatian population on the same day that Ante Pavelic and his "castnici" [officers], "doglavnici" [deputy chiefs], "duznostnici" [functionaries], "pobocnici" [adjutants], "glavnici" [chiefs], "dopredsjednici" [deputy chairmen], "obcinski redarstvenici" [opstina constables], "satnici" [captains], and other "djelatnici promicbe" [promoters] of the Croatian Independent State announced themselves. The promoters of that language were previously the Ustase, and are now the HDZ.

Issue of the Borders

The contemporary Croatian press is talking a lot about how all the Ustasa emigre press will move back to the homeland. Admittedly, the editorial offices are still over there where they are, but the Ustasa emigre press is sold both legally and in quantities in Croatian cities. The writer of these lines, who was in Zagreb the other day, with another 10 or so guests at the City Cafe, had the opportunity to read freely and publicly the INDEPENDENT STATE OF CROATIA, the HRVATSKI DEMOKRATSKI LIST from Toronto, which has been publishing in its header for 29 years the verses "Drava, Sava, Drina flow; Danube, don't lose your force either; blue sea, tell the world that the Croat loves his people."

A newspaper for real Ustasa pleasure, isn't it?

There is an interview with Dr. Davor Perinovic, the head of the HDZ for Bosnia-Herzegovina, who is already placing "both these Croatian provinces" (Bosnia and Herzegovina) in a free, communal, and united independent state of Croatia. Mr. Perinovic is not particularly original; this has already been expressed in a much more original way by an HDZ hawk in the Assembly, Mr. Sima Djodan, shrieking like a falcon: "We will create an independent Croatia with its borders on the Tisa and the Drina. The Slovenes and the Moslems are with us, and the thieving regime that lasted for 45 years will not return. That is why I am also calling upon those few Croats who are Communists to return to the arms of the Croatian people, so that we can defend ourselves jointly

against the new Cetnik danger, and so that if necessary we can all perish on the Drina and give our lives for the Croatian state."

Or: "We know where the border of the ancient Croatian state is. It will not be on the Una forever. We are not telling this to the Communists, because there aren't any, but to the Cetniks... In less than five years, this flag of ours will be waving over the hills of Romanija [area in eastern Bosnia]. Bosnia is not the exclusive property of Dr. Stipe Suvar and Dr. Nijaz Durakovic. Bosnia is Croatian, of our ancient people, and is inhabited today by the descendants of Ban Kulin. We will not give what is ours to anyone!"

So speaks one of the official leaders of the new Croatian democracy—about himself, and about democracy.

There was the same kind of talk just before the great crime of the Independent State of Croatia. Bosnia-Herzegovina was "Turkish Croatia," Dalmatia was "White Croatia," Montenegro was "Red Croatia," Koruska and Stajerska were "Carantine Croatia," the Serbs were "Orthodox Croats," the Slovenes were "Alpine Croats," the Moslems were "indisputable Croats..." And the Siptars [pejorative term for Albanians]?

The chain of "coincidences" is endless. The names of cities are being changed. In the NDH, Njegosevac became Nasicki Antunovac, Srpsko Polje became Hrvatsko Polje [i.e., the "Serbian" in the placename was changed to "Croatian"], Novo Obilicevo became Zvonimirovac... Now Duvno is becoming Tomislavovac. In the NDH, Gradinsko Karadjordjevo was renamed Tomislavovac, but it doesn't matter. Who is splitting hairs?

Guilty Serbs, Exemplary Croats

Let us return to reading that newspaper for real Ustasa pleasure. The same pleasure occurred in Croatia just before the founding of the NDH, when the groundwork was being laid for purifying Croatia of the Serbs and breaking up Yugoslavia (which the democrat, gentleman, and cultural leader Sime Djodan is publicly calling "jugosranija" [the Yugoslav excrement]). In fact, then and now it has been necessary to explain to the population who the Serbs are, and to prepare it for the removal of the Serbs. "When the Croats had their trade guilds, which were the starting point for large-scale trade, the Serbs were plowing their fields with wooden plows. And all of that was five centuries ago. Just as Croats cannot understand Serbian backwardness, Serbs cannot understand Croatian progress..." The Croats are a people that has given the world countless giants, while the Serbs are a lower, peasant race, ragamuffins, cowards! Those are the messages of Canada's DEMOKRATSKI LIST, which will soon be printed in Croatia, along with the others. But why, when a heap of such newspapers (SLOBODNI TJEDNIK, GLASNIK, etc.) are already being published in Croatia and together with DANAS are successfully spreading Serbophobia and threatening a new civil war?

Isn't it "economically unprofitable," without market justification, i.e., irrational? There is no shortage of Serbophobic press and journalism in Croatia, and there is also the "national society and enlightened association," which is probably suitable for the general promotion of the new policy.

The mass media, of course, are not sufficient for those big plans. The HDZ's GLASNIK, which is issued by Dr. Franjo Tudjman, Dr. Dalibor Brozovic, Vladimir Seks, Josip Manolic, Perica Juric, Stjepan Mesic, and director Milovan Sibl (a real democracy: The leadership of the state is also the leadership of the newspaper), can write as much as it wants (in the last issue), for example, that the Serbs have always, "since our forefathers admitted them into Croatia, stabbed the Croatian people in the back at every convenient opportunity." Because: "We Croats have known that, ever since the times of Mlecan, Austria-Hungary, Karadjordjevic's old Yugoslavia, and especially this Bolshevik Yugoslavia." That press can prove that Serbs killed Croats in Jasenovac, and threw them into Jadovno and the other holes; it can do that, but that is not enough. It is necessary to pass from words to deeds!

Criminals as Police

And again there is the chain of coincidences, with the history of the NDH being copied. Consequently, as soon as he arrived on the "sacred Croatian soil," chieftain Ante Pavelic strove to form a strictly Aryan union. He unlocked the prisons of the "dead Yugoslavia," and mobilized Aryan criminals, the kind of people who in any case slaughtered and pulled the trigger without a quiver. Milovan Zanic, the chieftain's left hand, uttered the threats that are being heard today as well: "This has to be the country of the Croats and no one else, and there is no method that we as Ustase will not use to make this country truly Croatian and purify it of the Serbs who have threatened us for hundreds of years and who would threaten us at the first opportunity."

Today minor alterations have been made. What has been formed is not a union, but rather the Croatian National Guard—a volunteer armed army that already numbers more than 4,000 young men of the purest Croatian blood—from their fathers, mothers, grandfathers, and grandmothers!

All the prisons have not been opened and all the criminals have not been released, but just a few of them. Otherwise, it seems to have become a rule lately in Croatia that serious criminals are being released from prison and that Serbs heading or employed in penal and correctional institutions are being dismissed. The Serbian staff at the Stara Gradiska penal and correctional institution has been dismissed, and the terrorist Jandro Franic and the criminals Ivan Bozovic and Vedran Bijuk have received amnesty from prison, along with the devil knows how many other people from the other side of the

bars. Two of them, Musa Marinko and Antonie Lekic, were quickly accepted in the Croatian National Guard as experienced personnel.

And while Serbian and Croatian workers break their backs for a month for a miserable 500 Deutsche marks in the collapsed Croatian economy, the pay of these warriors is 100 marks, and 300 for those who are to be sent to put out the "fire" in the Knin area.

When the creation of this union—sorry, guard—began, officials stated that these were units for putting out fires in Dalmatia. Then the official spokesmen put their own feet in their mouths: Croatian television showed Mr. Tudjman's visit to the guards. It was clearly seen that the young men in unidentified uniforms, for the time being without insignia, were drilling in combat skills—judo, karate, kung fu, boxing, and the handling of knives and automatic firearms.

Well-intentioned viewers (and this humble author) thought: Traditional fire-fighting methods are showing poor results, and perhaps a new strategy for putting out fires is being organized—kung fu fire-fighting!

Why not?

Everything has to be tried against that enemy! That enemy is devastating the entire economy in southern Dalmatia and on the islands, and so one cannot be choosy about the means to deal with it. Judo, kung fu, knives—why not? Nevertheless, immediately after this the Serbian Assembly and the Serbian National Council in Knin announced the referendum on the autonomy of Serbs in Croatia, and so the fire-fighting union received a new assignment. For good old Deutsche marks!

Independent Anti-Serbian Army

New volunteers are constantly being added to the Guard. A hundred heroes applied from Ogulin, voluntarily desiring gunsmoke and brawl, but two of them were rejected on the spot because their sisters were married to Serbs. Several young men from Varazdin were rejected, because it was allegedly demonstrated that their grandmothers were Jewish. We learned that new graduates in the so-called shortage fields—electronics, machine engineering, and chemistry—were also applying, which refutes the assertions that the volunteers are numerous because they are unemployed. After all, for the previous 45 years Croatian youth was not attracted to the police profession, and so the police were mostly Serbs from the passive, poor areas of northern Dalmatia, Banija and Kordun. Today Serbs are being dismissed from the police wholesale on various pretexts: "Faults in service," technological surpluses, etc., are being discovered overnight.

In addition to proving ethnic purity, the volunteers have to join the HDZ, if they have not already done so. Former Communists, and now SDP [Party of Democratic Changes] members cannot join the Guard.

Suddenly, Croats' new (or old) love of weapons and uniforms is spreading with unbelievable speed; in addition to the volunteer guard, the secret, (il)legal creation of units in a Croatian special army has begun. Officially, no one wants to offer the public any information at all about that new ethnically pure army. Every secret becomes a public secret sooner or later, however. We have thus learned that, in addition to the instructors, commandos from Belgium, South Africa, and Sweden, old Croatian professionals from Geelong, Australia, who have extensive experience in guerrilla and urban combat, are planned to be the instructors. Some of those Srecko Rover-type neo-Ustase are already walking along Zagreb streets. Few people believe that they came here just for the "pure Croatian air," since it is well known that Geelong has the most ideal climate in the world, and the purest air.

The formation of these armed units for action in politically "tainted" areas, of course, is bothering primarily the Serbian population, which has been warned quite openly, from the highest places, without circumlocution, and in the literal spirit of Milovan Zanic, that Croatia will be the sovereign state of the Croatian people, i.e., the Croats. Period!

Guards Appearing

Knin is the main target. Jasenovac is the largest Serbian city under the ground in Croatia, and Knin is the largest one under the sky. After 45 years of attempts at various ways to humiliate and assimilate the Serbs, Knin was the first to rise up most resolutely. It did not seek anything more or less than any other city in a normal democratic state, i.e., quite average civil self-administration. After Knin, as is well known, those elementary civil and national rights were also sought by Serbs from other Croatia opstinas. And they met with the HDZ's concrete wall: "Croatia is the state of the Croatian people!"

Many opstinas smaller than Knin, and geostrategically less important, have opstina internal affairs secretariats, i.e., opstina police. The HDZ is not allowing Knin this. Why? Because Knin is a Serbian city. There is no other answer.

A month ago, after the "strike" by the Knin policemen, Josip Boljkovac, the Croatian police minister, promised that an opstina internal affairs secretariat would be formed again in Knin. The executive council of the opstina assembly requested that the Croatian Ministry of Internal Affairs fulfill this promise. Instead, an official threat came that special police units would be sent to Knin!

The Serbian citizens understood this threat correctly: as a threat to their civil liberties and integrity, as an anti-Serbian move.

At any rate, guards have been formed in all the villages of the Knin area, and in a short time 20,000 people, firmly resolved to defend their fundamental freedoms and democratic civil dignity, can rise up. That is why the

Knin opstina government warned the Ministry of Internal Affairs that it was not sensible to send the "special police" to these areas in this kind of situation.

"We are not certain that such an action would not have serious consequences, with the possibility of an ethnic conflict, which is least desired," according to the letter to the Ministry, in which the formation of a joint police force for the Serbian opstinas of northern Dalmatia is announced.

All of these appeals to political reason have been completely ignored by the new Croatian authorities, because "Croatia is only the state of the Croatian people." For all these reasons—not to mention here the numerous instances of harassment, physical assault against members of the Serbian people, the destruction of property, etc.—the Serbian Assembly has been formed, with the Serbian National Council as its executive body. After that, there was a new wave of unprecedented threats similar to those from the time on the eve of the genocide; these threats have further disturbed the Serbs in Croatia.

Literary Deceptions

The arrival of a team of writers and painters from Serbia to visit their compatriots in Croatia—for the first time in 20 years—was received with as much negative uproar among Croatian political, cultural, and mass media circles as if this were a wartime campaign by their worst enemy. Although that cultural event took place 20 days ago, the harshest commentaries and accusations that this was an attack against Croatia have not yet ceased. Here is what Tomislav Sabljak, a well-known writer for the Croatian gutter press, wrote in VJESNIK, under the title of "Group Portrait With Hatred":

"The literary caravan of Serbian writers through the Knin area, planned and devised in the notorious anti-Croatian engineering shop at Belgrade's 7 Francuska Street (where Sabljak sat, ate, and drank for years—author's comment), was a transparent political demonstration of hatred for the Croatian people and a transparent attempt to win the sympathies of the Serbian

people in Croatia. I would not like to talk about the past of individual participants in this caravan of hostility, because this time their past has spoken in the language of dangerous intentions... By taking their caravan to Srb on the day the Croatian Assembly was in session, where Jovan Raskovic had organized a Serbian assembly masterminded by his Belgrade masters and bosses, the Serbian writers only confirmed their role of inciting hatred in Croatia, actively participating in the orgies of newly arrived outsiders, who were shouting "This is western Serbia," in the decorations of Cetnik folklore, and singing the songs with which the Cetnik units set out on their reprisal campaigns..."

Sabljak says that the Belgrade writers' messages to the Serbian people in Croatia were hatred, anger, and fear! In any case, Tomislav Sabljak is now comparing all those Serbian writers, whom he once praised to the skies in his criticisms, to ordinary entertainers and scribblers. Sabljak should be taken with a grain of salt, however; it is well known that all gutter press writers are too emotional and inclined to exaggerate, which is good for that genre of prose, but not for politics!

All in all, the Serbian-Croatian question in Croatia has never been more exacerbated than today. The HDZ hawks are openly threatening a civil war, a new ethnic slaughterhouse. Even if it was possible once for the Serbs to be victims of that pathological Croatocentric hysteria, that will no longer be possible now. The Serbs, aware of the danger—not only to them, but also to other political and ethnic factors in Croatia—have appealed to the SFRY Presidency to prevent an ethnic conflict. That was yesterday. We should know tomorrow what the Yugoslav collective head of state will do. The day after tomorrow may be too late. There are too many "coincidences" and too much anger, which do not indicate a peaceful outcome to this complicated interethnic Gordian knot.

The day of 19 August 1990 is threatening to become a 15 April 1941. That is a bit much for this kind of Yugoslavia. Instead of a repetition of its sinister past, this country needs a democratic, civilized future.

CZECHOSLOVAKIA

Problems Facing Transformation of Army

Lack of Information Persists

90CH0418A Prague *RESPEKT* in Czech 14 Aug 90
pp 4-5

[Article by Jaroslav Spurny: "Still Without Public Supervision"]

[Text] Under the Communist regime, the development of the Czechoslovak Army was subordinated to the so-called internationalist principles of the Warsaw Pact. In reality, this meant that armies (not only ours) were trained and organized as subdivisions of the Soviet Army. Thus a group was created which, through slogans about protecting world peace and defending the socialist camp, concealed aims that were actually aggressive in nature. It was also armed accordingly: primarily tanks, heavy artillery, and ballistic missiles.

This subservience to Soviet military doctrine led to enormous expenditures on the Army and to an increase and expansion of weapons production. We created a military monster, but without our own political or national identity. What makes an army an army and is the foundation of its ability to fight (or to defend, if you prefer), is the moral responsibility of the soldiers and truly qualified officers, who have the trust both of their subordinates and of the public. Our army does not meet any of these criteria.

The international and domestic development demands that one take a totally new look at the military and strategic situation in Europe and reassess the real status of our country in military pacts. There was some change at the beginning of June: the uniform chief command of the Warsaw Pact was abolished. According to President Havel's statements, our military policy initiative is based on the assumption that it will create a multipolar security system in Europe. But we must wonder whether this system has any chance to succeed in the near future. The Soviet Union continues to be a military superpower, and the domestic political situation of that colossus is not stable enough for us to be able to rely on agreements already made. Despite all the revolutionary changes that occurred in the countries of the former East bloc, both economically and in military strategy, the attitude in Europe remains bipolar. In the near future a strong military group must still stand against the Soviet Union, as has been proven during the last 40 years. Yet the countries of central Europe, together with Yugoslavia and Finland, should form a kind of neutral, nonnuclear belt. A transition to the suggested multipolar system could possibly become realistic within ten to fifteen years.

Changes in the Army

So where does our Army stand in this respect? There have been several partial changes in it: The period of

basic military service has been shortened, people are addressed as "Mr.," political parties have been prohibited in the Army. However, these changes are a long way from being commensurate with the progress of democratization in the country. Not even the removal of the top officers and their replacement with former subordinates and their students can satisfy the public. The organization that has survived from the days of totalitarianism repels the majority of soldiers in basic service. The officers complain that they spend a lot of overtime in the barracks, solely because of bad organization. Eight thousand professional soldiers left the Army, yet only 30 percent of them retired. Usually it is younger officers, excluded by the ossified state of the higher officer ranks, who leave the Army. Probably more than half the former political employees were transferred to the newly created organization, Military-Patriotic Education. Even in the past, the officers did not have the natural authority of soldiers; they maintained it through totalitarian practices. However, now the situation in the garrisons has become dangerous. Major conflicts are arising between basic service soldiers and professional soldiers, which sometimes lead to mutual open animosity. Officially, one used to talk about the great patriotism of the Army, but in reality it has become an isolated element without respect or trust.

The principles of the newly drafted military doctrine are too nebulous. It seems that in the highest military circles important questions are pushed into the background, and esteem is won through appealing steps—even if, from the military point of view, they are unimportant—such as vacating a house for charity purposes or donating a helicopter for the rescue service. But the demilitarization of the economy is proceeding very slowly and, despite the reductions, the expenditures for the armed forces remain high. Above all, Army General Vacek gained the president's trust, and thus the Ministry of Defense has an even freer hand than it had under totalitarianism when it was directed by the UV KSC [National Committee of the Czechoslovak Communist Party]! So far, there is no civilian group involved with effective control of the Army. Thus the ministry commands itself, controls itself through the military inspectorates, presents the results of military preparedness itself, and makes all decisions about the conception of the future Army. This even makes the results of the election questionable, as the leading political power, the Civic Forum is completely left out. This is not at all a normal custom in the world.

How Can It Be Made Into a Professional Army?

Of course the whole concept of our Army must be changed. But talk about making it into a professional Army, at present, seems to be just that—talk. The Federal Ministry of Defense keeps speaking about ties to the Warsaw Pact. When it defends the structure of our Army, it points to the way armies in West Germany or France are organized. Yet it should use the practice in such countries as Austria, Switzerland, Belgium, or Holland as its starting point. These countries are on the

fringe from a military policy point of view; their armies are small, professional, and defensive. We should be like them. Despite the fact that we are in the center of Europe, no major strategic routes cross our country. Such routes are decided according to the terrain, according to the forces through which the country operates, and according to political importance. Since the Second World War, the main strategic routes pass to the north of us, and only an auxiliary one crosses our territory, through the Moravian Gateway. If there were a conflict, everything that would have to be destroyed in our territory (mainly command and economic targets) could be destroyed with a few surface to surface guided missiles. Therefore, in this respect, we are helpless. This has been known for several decades; nevertheless, obsolete, and above all useless anti-aircraft defense systems (aimed merely against moderately supersonic planes) are being constructed. We are buying MiG-29 planes, which are almost unusable in our airspace since they can hardly turn around in it. Instead of creating a professional, expert, and efficient Army, commensurate with the political and military conditions, we are still following the same old tracks (including the purchase of airplanes and electronic equipment from the Soviet Union).

A certain General from the Ministry of Defense told us in an interview that two years ago American experts drew up a paper on local conflicts in Central and Eastern Europe. This comes in very handy for the ministry now. It can provide justification for the Army, and thus make as few changes as possible. The fact that this goes counter to the peace negotiations in Europe does not seem to matter to any of the interested parties. The representatives of the Bundeswehr, in defense of the peace policies of the future Germany, declared that they would like to decrease in the numbers of the present East German Army to 60,000 men. And that they would finance this. Money is one of the main reasons given by the Army in opposing the idea of our Army becoming professional. Allegedly only wealthy countries can afford that. However, we do not immediately have to assume an army like that of the United States. In the next ten to fifteen years it will probably not be possible to have exclusively professional soldiers, and it will be necessary to go for training (at a location close to one's residence, as a kind of national guard) for four to six months. But the core should be a defensive army, created from experts and armed in a way commensurate with the strategic conditions of our territory. And, above all, it must be an army that will be functional—not like now, when, due to technology, only half the tank battalion can be used during training manoeuvres, and some troops only have one tank at their disposal. It would be good if the public (or, if necessary, its representatives) were able to compare how much the present half-disintegrated colossus costs, and how much a professional army would cost.

What Is Kept Secret

The responsible ministry employees are extremely uncommunicative. They reveal to the public only what they believe to be suitable. They publish a map of

Czechoslovakia indicating the military airports in the Military Information Bulletin, and they talk about their own openness. But they keep quiet about the fact that the NATO command has had satellite photographs of airports (and other things, too) for many years. In our country there are installations that are kept highly secret, but are not posted in any way. As if they did not exist. But a citizen has the right to move around his country freely. If one wishes to forbid him to do something, it must be justified, and if entry somewhere is prohibited, it must be posted; however secret the installation might be. What is inside is nobody's business.

Military counterintelligence, which used to be a part of State Security, is allegedly in charge of keeping these installations secret. It was removed from the authority of the Ministry of the Interior and placed under the Ministry of Defense. No one is willing to explain to what extent individuals, who might have been controlled by the GRU (Soviet Military Intelligence) and who, in the course of their jobs, were meant to screen the "political irreproachability" of the citizens affiliated with the military in some way, can be considered suitable to protect secrets. Competent military persons told us that the screening of this unit took place in the presence of the Civic Forum. However, the KC OF [Coordination Center of the Civic Forum] does not know anything about this. The transfer of military counterintelligence to the Ministry of Defense is nothing but a reinforcement of old structures in the army. The VKR [Commander of Military Counterintelligence] cannot deal with the military news service because it is neither equipped nor trained to do so.

It is simply that we are now living in an age when the public will have to concern itself unconditionally with its own army. Particularly since the information we get on the state of the Ministry of Defense and its subordinate units is very superficial and misleading. The above-mentioned general commented during the interview with us: "We will not allow the ministry to be torn apart the same way as you tore apart the Ministry of the Interior. Face it, crime has risen by 1,000 percent." This is a simple twisting of facts. The main reason for the increase in crime was because, under nontotalitarian conditions, the incompetence of a police force, trained in a totalitarian way and technologically badly equipped, became apparent, and not because news reporters (rather mildly) criticized Public Security. I am afraid that the situation with the army is similar.

Control of the Army

One of the most important agencies that should, in future, help change the structure of the Armed Forces is the General Inspectorate of the Czechoslovak Army; it should be independent of the ministry, and should primarily have a control function. The creation of such an agency has been contemplated since January. In March, experts from the military commission of the OF and Revival drafted a proposal, which was submitted to the Military and Security Committee of the Federal

Assembly at the beginning of April. The committee approved the proposal, but it was never debated in the plenum of the Federal Assembly, allegedly because there was too little time. It is on the agenda for the meeting in October.

To begin with, the Ministry of Defense opposed the proposal. Its reasoning was that it already had its own inspectorate, capable of fulfilling all the necessary tasks. Later it accepted the creation of the General Inspectorate with the proviso that it should be created from a reinforced FMO [Federal Ministry of Defense] Inspectorate! This is yet further proof of how effectively the representatives of the Army succeed in protecting themselves against outside influences.

An Inspector General, chosen by the Parliament, should head the proposed institution. This function may under no circumstances be subject to military jurisdiction. The inspectorate should ensure the observation of laws, military regulations, service rules, and should control the operation of, and changes in, the Army. The ministers of defense and the interior should be obligated to submit all necessary information to it. The inspector general should visit all facilities of the Armed Forces without prior notice. Throughout the world it is quite normal to set up General Inspectorates. Admittedly, sometimes they are subject to minister of defense, but only if he is a civilian representative from the leading political party.

The need to create the inspectorate is urgent and should be done as soon as possible. This is the only way the public can obtain at least partial assurance that the reorganization and modernization of the Army, as well as its transformation into a professional Army, is not merely a pipedream but a reality. The costs for twenty professional inspectors would be roughly two and a half to three million crowns per year. The savings this would bring to our economy would be much greater.

Prospects

Considering the present maneuvers carried out by the commanding officers in the Army, it is impossible to share the optimism of some members of the government that our Army will soon become professional. The Ministry of Defense's annual budget is Kcs33 billion. That is enough. The fact that this sum is used to purchase unsuitable technology and to maintain the operation of an unfunctional monster is much worse. It means that this money is not an investment that will bring us interest in the future military policy organization of Europe, but that it is the payment of a debt left us by the totalitarian regime.

Secrecy at Military Installations

90CH0418B Prague RESPEKT in Czech 14 Aug 90 p 5

[Article by Eduard Janda: "A Vacation in the Doupov Mountains"]

[Text] I spent my vacation this year at my in-laws in Mecholupy by Zatec. On Tuesday, 24 July, I, two small

children, my wife, and her mother set out by car for a trip to Karlovy Vary. I planned the route according to the 1989 Road Atlas of the CSSR: Podborany—Buskovice—Nepomysl—Podboransky Rohozec—Kyselka—Karlovy Vary. The thought never crossed my mind that the route may not be open to traffic. If that were so, surely it would not be included in a road atlas?

The trip was going according to plan until, a little past Podboransky Rohozec, my eye was caught by a strange architectural structure. It was a concrete box with a narrow entrance and, compared with everything I had ever seen, it resembled most closely an unsuccessful attempt at a waiting room at a bus stop. The structure held my attention, nevertheless I did have time to read two signs: "Military Zone" and "Entry Prohibited." Out of habit, I ascribed them to the area where they were standing, that means to the forest to the right of the road.

The surprise came after the first hill. A bizarre sight presented itself: As far as the eye could see, stretched meadows with strange scars. No plowed fields, let alone buildings, not a soul anywhere. Then came surprise number-two—a traffic sign "Tanks Crossing!" There were no signposts on the road, so I welcomed a sign with the name of a community. I stopped and searched for the name in the road atlas. Naturally I did not find it. One hundred meters farther along the road the "community" ended. In the next "community" I came to the penny finally dropped. It was called Doupov. I realized that I was in a tank training ground; I had had no idea that one existed in this region, and had no conception of its size. The community of Doupov was just as fictional as the first one. Following the map, I continued driving uphill, and then, after a long downhill stretch, I finally found the land of the living. Clutching the road atlas in my hand, I ran over to a tractor driver standing by the road. He informed me that, according to my plan, I was just entering Kyselka.

After several pleasant hours in Karlovy Vary, and after a brief consultation, we decided to take the same route back. After driving through Kyselka, I stopped in front of a sign "Entry Prohibited."

My first feeling was one of dismay when I realized that I had made the first trip illegally, had broken traffic rules and, by entering a military zone, could give some members of military counterintelligence the opportunity to justify their otherwise useless existence through me and my family. My second feeling was one of anger, caused by the familiar humiliation of the citizen. Here I am, driving according to a current road atlas, along roads that are open to traffic, only to discover suddenly that I have to turn back and make a detour of at least thirty kilometers.

I began to wonder where I could turn the car on the narrow road, and whether I had enough gas left in the tank for the unplanned detour. I am not an incorrigible

adventurer, but rather a coward who, despite my anger, would certainly have turned round had it not been for a "higher power."

The latter took the shape of three boys, about eight years old. They passed our stationary car, laughed, and tapped their foreheads. I was not angry, though it was aimed at me. It really was a question of sense, but not mine. I was annoyed that the boys did not know this, and if turned round, they never would. In the interest of a non-Koragian education of the future generation, I decided to set an example.

When I put the car in second gear, the boys were standing there with their mouths open and, I hope, I left them with something to think about. The return trip went as smoothly as the one in the morning, with the difference that I did not hit quite the same track and emerged from the zone at Mastov along a road that, according to the road atlas, did not exist, a fact that, however, did not make the trip longer. But I did get a more vivid idea of the enormous size of this dead zone.

It was not until the following Saturday that I realized the full extent of the crime I had perpetrated. It was not in the fact that I could possibly reveal something, but in the fact that I had seen something I should not have seen: a crime against nature and people. I saw a region, at least several tens of square kilometers in size, that had senselessly been devastated in the interest of teaching the art of killing, instead of providing many thousands of people with a healthy life.

From that moment, no statistics on the costs of armaments will ever convince me. The price we all pay for the Doupov tank training grounds is incalculable.

Military Doctrine Needs Changes

90CH0418C Prague RESPEKT in Czech 14 Aug 90 p 5

[Article by Jan Machacek: "The Military Doctrine"]

[Text] The Czechoslovak military doctrine should become one of the most important foundations for the further political development of our country. In an interview with Hospodarske Noviny on 28 July, the Chief of the General Staff, General-Colonel Eng. Anton Slimak stated that, from the point of view of military policy, the ministry has finished preparing the doctrine. It should be approved by the Federal Assembly in the fall, and he personally does not believe that there will be any need to rework or amend it.

Unless the experts from our Ministry of Defense wish to look ridiculous, they will have to rework the doctrine. In particular, the draft must be translated into Czech, empty neologisms must be given a concrete content, and contradictions must be removed.

The present draft is embellished, above all, with schoolboy mistakes in sentence construction and style. For instance, on page 3: "That is why it [the CSFR] has a valid interest in preserving peace and security on the

continent and so that the former bloc concept of security in Europe changes into a collective concept." On the same page: "The Czechoslovak Republic supports and actively participates negotiations..." "Defense capability is attained by a purposeful preparation already during peace, above all, in the system of preparation of military cadres, military training, operation preparation..." (p. 7). The text teems with words derived from Russian: "The CSFR endeavors to attain new disarmament agreements." The accumulation of words such as peace, system, or relations is also noteworthy: "the creation of a complex system of international peace," (p. 9) "the principle of maintaining peace and peaceful coexistence," (p. 6) "peaceful and fruitful relations, special emphasis on relations," etc. The famous "undermining of the intensification of the easing of tension" from the era of normalization is brought to mind by expressions such as "the intensification of openness," (p. 9). One of the gems is on page 6: "The task of the Armed Forces is to fight for independence, integrity, and the unity of the state, its institutions, and the republican form of government . . ." Apparently, the authors of the doctrine are covert followers of Dr. Sladek. The experts from the FMNO [expansion unknown] did not fail to emphasize the way they accepted the new political situation: "The Czechoslovak Republic is developing the spiritual values of its citizens on the principles of maintaining peace and cooperation of all states irrespective of their social organization."

It would seem that the draft of the Czechoslovak military doctrine is so sterile that it cannot be taken seriously. General and empty statements, which can be interpreted in any way one wishes, however, are very dangerous. "Obligations of allies," which are not defined more closely, still bear the threat of Brezhnev's theory of limited sovereignty.

In the text the basis from which the formulation of the draft evolved is not fundamentally explained—i.e., the military doctrine of the countries of the Warsaw Pact. As a result, already the first and second paragraphs of the text contradict each other. The first paragraph states: "In case of aggression, they [the Czechoslovak people] will defend sovereignty, autonomy, and the territorial integrity of the state. It is building up its Armed Forces exclusively for this purpose." The second paragraph states: "Whereby it will uphold the obligations Czechoslovakia has as a result of being a member of the Warsaw Pact." On page 3, we read: "Unless it itself [the CSFR] or its allies become the target of armed attack, it has no territorial claims versus any other state."

Another serious problem is the practical implementation of the military doctrine. The law does not even mention this. On the whole, one can say that the draft offers no new ideas that would be commensurate with the present situation and Czechoslovakia's new status in the world. In the future, it will be necessary to find a happy medium between necessary secrecy and a wording of the draft explicit enough to make a discussion of it worthwhile.

The conclusion of the draft states: "The Czechoslovak military doctrine is based exclusively on the defense orientation of its military policies in the nuclear and space age." So stars, here we come!

Army Units To Be Relocated, Reduced

90CH0429A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 13 Sep 90 p 4

[Article by bko: "Czechoslovakia Withdrawing Troops From Western Border"]

[Text] Frankfurt, 12 September—Over the next two years Czechoslovakia intends to redistribute its military units most of which used to be stationed in the western regions of the country evenly along all of its borders. Defense Minister Vacek informed NATO Secretary General Woerner of this decision during the latter's visit to Czechoslovakia—the first by a high-ranking representative of the Western alliance. Czechoslovakia will thus be stationing troops along the Soviet border for the first time since 1938. Vacek announced in Prague that his country will not take part in any large-scale Warsaw Pact military exercises in the future. The 190,000-man Czechoslovak army will only be participating in "small-scale" joint exercises with other Warsaw Pact members. These maneuvers, too, will be further restricted in anticipation of the complete withdrawal of the Soviet army in July of next year.

The redeployment and regrouping of the armed forces is part of a new military strategy being worked out at present by the Czechoslovak Army general staff. Following his reelection, President Havel called for a doctrine no longer based on a specific enemy image, but designed to defend the country against "any potential aggressor." In contrast to Hungary, Czechoslovakia does not intend to quit the Warsaw Pact but to transform it into a tool for disarmament.

At a meeting in Bratislava the members of the Warsaw Pact were unable, however, to agree on the future distribution of conventional forces in Eastern Europe. According to Prague sources, the Soviet general staff reiterated its demand to retain 40 percent of the arms arsenals which the East will be allowed to keep following conclusion of the CFE talks in Vienna. All other Warsaw Pact nations did not accept these limits, it is said, because they feel they must increasingly look to their own security in the face of the virtual disintegration of the alliance. The question of which arms which nation will be allowed to have in the future must be resolved prior to the projected conclusion of the CFE talks in November. The issue is to be discussed again at another Warsaw Pact meeting scheduled for 22 September.

Meanwhile, it was reported from the Czechoslovak capital that some 9,400 officers and noncommissioned officers have voluntarily quit the armed forces, or have been discharged for ineptitude, since the revolution last November. More than 2,000 members of the officer

corps have been discharged for refusing to take an oath to the new, democratically elected government. As in other Warsaw Pact nations, most of the officers were members of the Communist Party. The discharge and termination of members of the regular army and long-term servicemen could delay the transformation of the conscript army into a smaller size professional army. Havel had said he would welcome such a transformation.

Instead of having senior officers undergo hitherto obligatory training in the Soviet Union, some Czechoslovak officers are to be sent to Western countries as part of "get acquainted" programs. The appropriate agreements will shortly be concluded with Great Britain and France, and military contacts to the FRG have already been established. The Czech and Slovak officers working with the Bundeswehr are to concentrate on learning the principles of leadership and civic education.

POLAND

Ability To Defend Coast Viewed in Light of German Unification

90EP0874A Warsaw LAD in Polish No 33, 19 Aug 90
pp 1, 6

[Article by Stanislaw Brzeg-Wielunski: "...Or Perish at the Bottom With Honor?"]

[Text] *Si vis pacem, para bellum* [If you wish peace, prepare for war]. This age-old warning cannot be forgotten in considerations regarding Poland's presence in the Baltic Sea. The July visit of the West German [FRG] minister of defense to Hungary revealed Germany's intent to leave the armed, military units independent of NATO in the former GDR. Because this is reminiscent of the *casus* Reichswehr [German Armed Forces, 1919-35], we cannot forget about the possibility of having history add on a sequel to the dispute between the RP [Polish Republic] and the future united Germany over the waterway leading from Szczecin to the Baltic. Therefore, what is the status of the Navy's Coast Guard defending the Polish coast? In the opinion of its commander, Rear Admiral Romuald Waga, published in MORZE (No 6/90), the PMW (Polish Navy) is in fifth place as a defense force in the Baltic behind the USSR, the FRG, Sweden, and the former GDR. At a press conference organized on 12 June on board the Blyskawica, Romuald Waga told reporters that the Polish armed forces include approximately 200 naval units of which 35 percent are auxiliary ships. He also added that 60 to 70 percent of the ships represent modern shipbuilding, but that the number one problem is the outdated installations and electronic equipment. That is why, in his opinion, the defense establishment is inclined to import weapons and equipment from Sweden, Yugoslavia, and other countries. Counter to general opinion, Romuald Waga admitted that Soviet materiel, despite prices that approximate similar type equipment of Western production, is not up to par with it [Western production] in

terms of technological quality, hence the PMW administration's search for other sources of import. Undoubtedly, the June visit to our country of the Swedish minister of defense also contained the element of Poland's return to the role of the traditional importer of Swedish arms. It is worth adding here that Rear Admiral Romuald Waga and the current head of MON [Ministry of National Defense], Vice Admiral Piotr Kolodziejczyk, have made themselves known to the arms experts of the USSR as unyielding partners bargaining over the price of artillery and missiles which has not been customary for officers of other types of armed forces.

What Are the Possibilities of Coastal Defense by the Present Polish Navy?

The reason for the question is the totally prosaic lack of modern units and naval aircraft as well as cadre gaps on naval ships amounting to approximately 50 percent of the officers' establishment. The absurd coalition doctrine of the Warsaw Pact stipulated that in case of war, the armed forces of Poland, the USSR, and the GDR would attack the Danish narrows and the coastal region of the FRG. As stated to me by one of the PMW officers: "The studied considerations of this concept were counting on 80 percent losses among the invading forces already during their march. The NATO strategists prepared similar plans with respect to the coasts of Poland and the GDR which during the age of atomic weapons had the character of bilateral 'wishful thinking.' The imposition of this doctrine on Poland resulted in the building in our shipyards of an invading fleet currently numbering 16 large landing craft at the expense of basic ship categories such as: destroyers, corvettes, and submarines. Currently, our naval forces include one used destroyer named Warszawa; three submarines leased from the USSR, Dzik, Wilk (Foxtrot class) and Orzel (Kilo class); as well as four Tarantula-type missile corvettes." I will mention here that the FRG navy includes seven destroyers, eight frigates, five corvettes, and 24 submarines to be joined by the GDR forces consisting of three frigates and 21 corvettes of various types. By way of comparison, in August of 1939, the Polish Navy had five submarines and four destroyers defending the narrow strip of land with the Hel Peninsula and not, as is the case today, a 500 kilometer coastline. The 12 June 1990 visits to the naval base in Oksywie and Hel have made me aware of the seriousness of our navy's problems with, for example, antisubmarine defense. The Navy's 9th Flotilla uses torpedo boats that are more than 10 years old, equipped with depth charges instead of, as is commonly used in Europe, submarine sound-activated homing torpedoes. Used during the last war, depth charges currently serve as purely psychological weapons. The state of Polish minesweepers combatting mine barriers looks similar. They lack modern sonar systems and robots for mine tasks. Most of the work is done manually which in the event of a threat with ABC [NBC] weapons exposes the crew to serious danger. The naval air force also appears equally bleak whose basic assault gear are MiG-15 and MiG-17 planes dating back to the Korean

War and built in Poland on license. The Navy does not have separate air units at its disposal and is forced to work in cooperation with the land-based air force whereas the Bundesmarine in the FRG has 110 modern Tornado fighter-bombers. From the beginning, the Russians practiced the principle of *divide et impera* [divide and conquer] forcing the Polish shipyards to build for the USSR a series of Polnochniy-type landing craft and others in exchange for providing us with the same number of ships as the GDR.

If we were to compare the data on Poland and the GDR from the Western fleet annals, the aim of the Russians to maintain parity between both navies is evident. This is the case in the class of small Osa-type [fast attack craft]-missile vessels, where both countries have 12, as well as in the class of small Tarantula-type missile corvettes of which Poland has four and the GDR has six. What is characteristic is that during the 1980's the GDR received three modern Koni-type missile frigates named: Rostock, Berlin, and Karl-Marx-Stadt. On the other hand, Poland "inherited" from the Baltic Fleet a missile destroyer named Warszawa, built in 1968, which currently fulfills the role of a flagship in our navy.

After the withdrawal of the Russians from Rostock, as a result of the unification of Germany, which is the main base of the Baltic Fleet in the western Baltic, their only remaining projecting military base will be Swinoujscie. If the Warsaw Pact will ultimately break up and the Russians withdraw their troops from Poland, the defense of Polish territorial waters will exceed our capabilities. For this reason, the next four years, up to the moment that the Russians bid farewell to East Germany, should be devoted to the building of a series of warships (mine-sweepers, submarine torpedo boats) in Polish shipyards and thought should be given to purchasing from the USSR and elsewhere missile corvettes and other ships. It is not my intention whatsoever that, as some may presume from reading these words, "Poland become a world power" but what I am concerned with are the realities of Polish politics requiring a modern navy. For it has come that we must live between two powerful grizzly bears who have a tendency to come to terms with each other over our heads (*vide*: the meeting between Genscher and Shevarnadze in Brzesc).

Following the technical death of the Polish Ship Salvage Enterprise [PRO], the Polish Navy has remained the only power capable of coming to the aid of threatened ships and vessels. The protection of the Polish fishing zone has also fallen on the shoulders of the PMW which takes controllers of marine administrations on board and slaps Danish and German fishermen with fines for illegally fishing in our waters. During the confiscation of nets and fish of fishermen from Bronholm caught in Polish waters, it happens that Danish and Polish ships stand opposite each other. Both sides ostentatiously remove the covers from their artillery guns and part, as has been the case thus far, on peaceful terms. The fact that Poland possesses a navy prompts foreign fishermen and captains to take its presence into consideration when

attempting to dump sewage from ships into Polish territorial waters. Because—and this being a phenomenon—Poland does not have a coast guard to protect our marine economic and ecological interests, the navy, which for years has been fulfilling many roles to a greater degree than other types of armed forces, has grounds for its existence.

A Shortage of Officers

Besides a shortage of ships, another problem of the PMW are cadre difficulties. In the June issue of *MORZE*, Rear Admiral Romuald Waga predicts that the Navy will gradually depart from the recruitment of basic duty marines in favor of contractual-term service. However, this does not change the problem of the officers cadre which, in light of the current state of the Navy, should have a 50 percent higher personnel staff. As stated to reporters on 12 June by the commander of the navy: "The wages of a PMW officer by comparison with his counterpart in the merchant marines are as much as 16 times lower." Young officers graduate from the Naval Academy in Gdynia and immediately begin serving in the merchant marines as master seamen [*starszy marynarz*], petty officers, etc. Hard currency earnings on merchant ships are a stronger argument than all possible references to "the traditions of Polish arms," etc. As one officer told me: "A poor knowledge of English among PMW officers is the most effective barrier to their mass exodus to the PLO [Polish Merchant Lines], the PZM [Polish Marine Shipping] and the PZB [Polish Baltic Shipping Company Administration]." In paying a visit to the ships, one cannot help but feel that it is only enthusiasm for nautical matters that prompts the majority of the professional cadre to serve on ships. The standard of crew quarters leaves a lot to be desired; it is difficult to imagine that Western computer equipment operators would agree to serve in such conditions for \$100 salaries. The PMW needs professionals as much as it needs new ships. To "buy" this, however, the Polish state must spend a considerable amount of money for the defense of the just-won sovereignty. Otherwise, the entire 45-year "conspiracy" of our society against the communist rulers would have no *raison d'être*. Otherwise, "Polish jokes" will acquire full meaning according to which "the new Polish Navy has glass bottom ships so that one can see the old Polish Navy through them." It should be kept in mind that in the eyes of those inhabiting Poland's coastal region [*Wybrzeże*], the PMW has not lost as much as other types of armed forces of the PRL.

The Navy refrained from repressive action and did not run "internment camps." For this reason, the nomination of Vice Admiral Piotr Kołodziejczyk as chief of MON [Ministry of National Defense] was not such a great surprise for many people from military circles with whom I had the opportunity to talk. Let us hope that the new minister of defense will bring the PMW out of oblivion since it is the only service besides the Air Force with a permanent and functional contact with the armed forces of foreign nations.

Arming of Military Looked at in Terms of Budget Constraints

90EP0867A Warsaw *POLITYKA* in Polish No 34,
25 Aug 90 p 6

[Article by Col. Jacek Pawelec of the Military Technical Academy: "How To Arm the Army: Are a Skillful Foreign Policy and Prospects for New Alliances Enough?"]

[Text] Experts on the subject generally are in agreement that Poland needs the army today more than ever. We find ourselves once again, as in years past, sandwiched between two superpowers, which are undergoing extensive political-systemic changes, which they cannot completely controlled. Various local nationalisms are sprouting up near our country like mushrooms after a rain. It has become clear that in the framework of the defense doctrine to which we are committed, the army must be strong, i.e., well equipped and well trained.

But the question arises: How do we achieve these objectives? In particular, how quickly should we increase our combat strength in the area of arms? Here opinions and positions diverge; the experts no longer agree as they do on the previous question. One may observe many different points of views and much mutual faultfinding among the groups responsible for the present state of armaments.

Let us take a look at the facts: What is the armaments situation in the army? The press reports that we have 3,000 relatively modern tanks (T-55, T-72), putting us somewhat above Great Britain. We must take into account, however, that Great Britain never built its defense doctrine on tanks, but primarily on ships. Among the continental countries, we come out decidedly worse, especially in relative units per 10,000 soldiers. That is, Poland has 96 tanks for Romania's 187 and Czechoslovakia's 230. The situation is similar with regard to combat vehicles and guns: Poland has 140 vehicles; Romania has 292; the GDR has 341; Denmark has 350. Poland has 88 guns compared to Romania's 366 and Denmark's 565.

Air power is figured officially at 480 planes and 40 helicopters. Correspondingly, Great Britain has 835 and 700 respectively and the USSR has 8,200 and 4,000.

Most of our equipment is from the 1960's and 1970's (MiG-21's, MiG-23's, SU-7's [SU-17's], SU-20's, SU-12's, SU-2's, and AN-26's). The few MiG-29's and SU-22's are extremely expensive, very hard to service and sometimes unreliable. The Mi-24, Mi-17, and Mi-14 helicopters offer a somewhat higher standard mechanically, but their standard is low from the viewpoint of arms. There are also too few of them.

The navy has one retired destroyer and three submarines plus a few smaller vessels. The rocket equipment situation is markedly worse, even though this is today's number one weapon. The forces are equipped with

several types of the older antitank and antiaircraft rockets, including the Malutka and Strzala. These are not being modernized and no one thinks seriously of automatic rocket guidance systems—by means of a laser beam or by infrared or ultraviolet light. There is also a serious shortage of modern electronic systems of target reconnaissance and interception and means of communication command. One may say that this is the Achilles heel of our army.

According to press reports, in this area we are even weaker than such small, neutral countries of the capitalist world as Switzerland. This leads us to ask who is responsible for this situation. How could we have allowed such a far-reaching indolence and lack of responsibility to our people to happen?

Standing in the Bankruptcy Line

According to TYGODNIK SOLIDARNOSC, today we are in a situation in which the East will no longer give us modern armaments and the West will not yet give them to us for a long time. This leads to the simple conclusion that we must arm ourselves. It calls to mind the year 1918, except that the potential enemies were weaker then and they are stronger now. Are a skillful foreign policy and the prospects of new alliances enough? Who will want to make a pact with a weaker country (even though there are such possibilities everywhere)? Let us evaluate them in the field of scientific-industrial potential.

The fact that economic arguments are beginning to be voiced shows that the situation is somewhat improved. Ultimately every weapon can be replaced by another weapon, the only question being the cost. Let us then create whatever is most profitable for us, whatever we have mastered technologically and whatever we can compete with. Without hesitation I would include radioelectronics and optoelectronics, particularly radiolocation.

Although we have few tanks, they are equipped with a creditable MERIDA Polish (laser) system of firing control. There are real opportunities for further improving this system and for shifting over to helicopter decks (today helicopters are a very important weapon, second in importance only to rockets). We have exported tanks to many countries, and we still do export them. Currently we have signed contracts in the area of guidance systems knowhow. The Industrial Center for Optics is a modern production base.

A similar situation exists in radiolocation. We have the capability of building triple-coordinate stations with curtain antennas and advanced processors. We have sold many stations abroad. There is the enormous RADWAR scientific-industrial plant. It would be a shame to turn it over to the production of lamps or some similar piece of civilian equipment.

In my opinion, both of the above directions of military technology should receive a major financial shot-in-the-arm from the MON [Ministry of National

Defense] budget. Meanwhile, they are receiving a minimal amount and are standing in the bankruptcy line.

It is common knowledge that today we cannot afford to embark upon the production of planes. The experiences of small-scale wars have shown that planes are to some degree equivalent to rockets (especially in defense) and rockets cost considerably less and can be constructed domestically. Even such an unpretentious, simple-to-equip rocket as the Stinger sometimes causes greater destruction (for example, in the war in Afghanistan) than batteries of anti-air artillery or poorly equipped fighters.

Thus, there are only a certain number of people on whom we can rely in the country. But how are we to best organize this military technology, integrating it with the arms industry, making it accessible? For years I have stubbornly advised that the best model for us is the French DGA [Delegacy for Arms Affairs]. Ostensibly a completely civilian institution, it has extensive ties with science and industry. It is directly subject to the defense minister. It receives approximately 100 billion francs from the budget, but obtains just under this amount from the sale of equipment abroad (exporting to more than 100 countries). It has approximately 60 of its own production and research enterprises (testing sites), in which it employs upwards of 20,000 people, including 8,000 engineers. However, the DGA earmarks a major portion of designated funds (60 percent) for contracts with civilian firms, as well as for advance studies conducted in universities. Higher military training is subject to the DGA in the field of technology, including the Paris Polytechnical School and the air force and general military higher technical schools.

Under our conditions, however, some adaptation of this structure would be needed due to the lack of a developed industrial base and the paucity of means. This base must be properly created and ineffectual research institutions must be turned around. This is not a simple matter for it means dealing with people, their housing and the like. But once again here the enlivening economic factor comes to our aid. In the West specialists sometimes drive 100 or more miles, some of them rent rooms for several days a week and this is profitable for them. In Swedish firms, travel is partially reimbursed. Thus, some minimal capital must be available to get the industrial structure in place. There is no point talking about detailed matters of organization of the scientific base—self-regulation will follow in time; the status of academic titles will disappear or decline, and the significance of concrete ideas and applications will grow. The many commission-type collegial bodies and committees will vanish or will limit their influence and the status of supervisory councils and shareholders will increase.

Military Lobbies

What other obstacles can there be to the development of the base and arms industry? It is said that technology is one such obstacle. Yes and no. Consolidated structures can be bought everywhere—even for zlotys. Of course,

there is a certain margin of very excellent products subject to the protection of COCOM. For the present, however, such thresholds are too high for us. In time they will also disappear, since Poland must enter into a specific coalitional structure in the military area, for example, with France, as we did before the war.

Can there be problems from the military lobby? Here, unfortunately, my answer is yes. Some generals and colonels will defend the existing state of ownership, since it is convenient and they formally favor it. One must take into consideration that the military lobby is a typical product of negative selection which has reaped an especially bountiful harvest here more than anywhere else. For a specific service-servile drill has been obligatory in the army, preserved by various regulations about military and state secrets, and the party and puffed-up political elements have provided the rest. This is still

evident today, if only in the brochure "The Polish Army: Facts and Figures" (published in 1990). Armaments defined by the pejorative term "technology" are given the last place here in every case: after education (the GZW [Main Educational Directorate]; training; finances; the WSW [Internal Military Service]; the quartermaster's office; and even territorial defense (which is simply offensive). In districts and line units, armaments are called, even more euphemistically, "technical services", relegating them to the category of something like an emergency plumber. The previous suggestions point this up and confirm it.

Armaments drain the largest portion of funds in all armies (in France it is nearly half the budget). This very fact should give us pause. Together with training (including education), armaments determine the results of war.

BULGARIA

Economic Weekly Analyzes Indexation of Wages

90BA0345A Sofia IKONOMICESKI ZHIVOT
in Bulgarian 5 Sep 90 p 2

[Article by Mladen Mladenov, economist]

[Text] In a market economy, the price of goods is based on the economic lever of supply and demand. This lever, however, is a precise one and operates automatically only on the basis of normal production and is unsuitable in the case of an economy suffering from a scarcity of goods.

The overall shortage of goods and materials leads to a violation that is manifested in the comprehensive drop in output. In turn, this becomes the reason for reducing the size not only of the production but also of the administrative-managerial personnel. The result is unemployment. This is the first negative social phenomenon.

However, there also is a category of workers and employees who, because of their low labor skills, earn very low wages. Furthermore, we have in our society a social stratum of former working people who are now retired, who are no longer able to work, and those who are sick and weak. The disabled find themselves in the same situation.

These categories and strata earn an income that, as a result of the steady price increases, is below the necessary minimal subsistence level, and that is steadily declining. According to the Central Statistical Administration, in 1989 the cash income increased by 770 million leva compared to 1988. However, the real income index dropped by 2.4 percent. In other words, the purchasing power of said population categories declined. Yet we know that the Bulgarian people spend most of their income on food: The 1989 average was 38.1 percent. The percentage is the highest in Sofia—39.2. These were data for 1989, which was a relatively normal year. What can we say about the first six months of 1990, during which the prices of many goods and services jumped by 200 to 500 percent or more? Furthermore, does man live for the sake of food alone? People must have clothes and shoes. They must pay for electric power and heat and, in prefabricated housing, also for the shared cost of the common premises, taxes, fees for television and radio sets, and others. Is something left for hobbies and spiritual-cultural and social life?

For all these reasons, the state should take at least two steps of vital importance:

Upgrade the low income to a certain level that would meet the minimum living requirements: Wages should be no less than 170 leva.

Update pensions according to the current economic situation. In other words, every pensioner should receive

an increase in his pension based on his skill and classification at a specific date (let us say 31 March 1990), at which individuals with the same qualifications and classifications retired.

This is required by the circumstance that, as of then, the increased income or pension will be a basis for computing the income index in accordance with the index of increased commodity prices.

The pensioners were infinitely amazed when the precise table with the respective compensations, which listed the absolute amount and percentage of the income to be added to the corresponding pensions, was published in DUMA on 15 August 1990. This compensation fluctuates between 10 and 18 leva. With today's prices, these amounts will be sufficient for a maximum of one or two days. We read the following under the table: "Indexation will be based on the consumer price index that the Central Statistical Administration will publish monthly. It will be determined in accordance with the 'consumer basket,' which includes 600 different commodities and services traditionally used by the population, excluding luxury items such as automobiles, color television sets, automatic washing machines, and others."

What Else Is Noteworthy?

First. The Population Income and Consumption Directorate of the Ministry of Economics and Planning has not published the overall index that should be used as a basis for indexing the income (the pension).

Second. Lack of openness. The Central Statistical Administration and the directorate we mentioned should have made public through the mass information media and, in particular, the daily press, the list of those 600 types of goods and services that are included in the so-called consumer basket. We suggest that, as soon as possible, the list of said 600 types of goods and services be published so that every single Bulgarian person would become aware of them. The list should contain the following: consecutive number, type of commodity or service, old price until 31 March 1990, new price on 30 June 1990, and percentage of price increase. This is made necessary by the requirements of social control. There are also other institutions and specialists that could compute the overall index resulting from the increased commodity prices.

Third. It seems to us that the "consumer basket" is quite crowded. It is not a question of an erroneous way of computing the index. However, to begin with, we should have started with 100 to 200 different types of goods and services, based on their quantitative and qualitative importance—that is, selecting those that are of the greatest importance in terms of economic turnover or consumption by a typical household.

We are fully aware of the fact that the increased basis for income and its indexing based on the increase in commodity prices will worsen inflationary processes. However, this becomes a Hamlet-like question: to survive or

not to survive. In the final account, however, the cry for help of the pensioners should be heard by those who are leading us on the path to Europe. However, Europe will not accept us with the empty bags we keep waving around, the more so since one of the conditions for Bulgaria's joining Europe is providing incentives leading to a higher living standard. One such incentive is to improve the basis of income and its indexing according to price increases. The pensioners have no other choice.

CZECHOSLOVAKIA

Country Looks to Germany for Lesson on Agriculture

90CH0454A Prague ZEMEDLSKE NOVINY
in Czech 8 Sep 90 p 5

[Article by Josef Havlicek, candidate for doctor of science, Research Institute for Agriculture and Food Economics [VUEZVz], Prague: "A Lesson for Czechoslovakia: What Is Happening in GDR Agriculture?"]

[Text] Recently newspapers and television have carried reports about difficulties, strikes, and demonstrations by employees of agricultural cooperatives and state farms in the GDR, for better pay, markets for their produce, and increased subventions. Previously GDR agriculture had been considered one of the most stable and productive in the CEMA. What happened?

The FRG and GDR unified their currencies, economies, and societies as of 1 July. At that time the prices, conditions and regulations of the FRG market economy took affect in the GDR as well. Basically a single market was formed for the agricultural production of both East and West German farmers. The steps that have been taken hold an important lesson for Czechoslovakia.

For the unified economy to function the GDR had to restructure its financial and monetary relationships by the end of June. By government decree all agricultural cooperatives and state farms had to close their books by June 30. This consisted of an inventory, which was governed by prior legal regulations. Net profits were credited to actual property or capital, and funds were reduced by the amount of any losses. Wages and bonuses for June were still paid in GDR marks, and other compensation was converted at a ratio of two GDR marks to one Deutsche Mark (DM).

The transfer of capital to new prices was significant and instructive. Under an extraordinary law concerning accounting in Deutsche Marks, all property was converted to FRG price levels. Machinery, seed, buildings and facilities were evaluated based on current FRG acquisition or production costs. These prices were then adjusted for repairs, which were defined both in terms of age and technical sophistication. Price adjustments for age used the uniform depreciation rates of the FRG Ministry of Finance: for machinery and equipment used in plant and livestock production, 10 percent; for

motors, 12 percent; for transportation equipment, 20 percent; for buildings, three percent. Fully depreciated capital assets that were still serviceable were valued at a maximum of 15 percent of their acquisition cost.

Working assets were valued at their acquisition or production costs, based on principles of commercial care. Claims, obligations, loans, and accounting adjustments were transferred at a 2:1 ratio. The same was true of residual amounts in the cultural, social, and bonus funds.

All cooperatives and enterprises are being governed by FRG credit regulations in the second half of 1990. If an enterprise becomes insolvent because of the transition to FRG prices and currency it can obtain a loan for operating costs from the cooperative bank based on its financial plan.

Procurement Prices of Important Agricultural Products

As of 1 July 1990, all GDR prices and subsidies in GDR marks ceased to apply, their place being taken by the prices and price formation mechanisms used in the FRG. For procurement prices this means that these prices are governed by supply and demand and market developments.

To eliminate large procurement price fluctuations, in addition to market prices there are also so-called intervention, minimum guaranteed prices, for which farmers can sell to the state if no better prices are available on the market. These minimum guaranteed prices were also made available in the GDR, but apply only to amounts set by the regional council for each individual enterprise. Milk prices were set for the period through 31 March 1991, and slaughter hog prices through 31 December 1990. These prices take account of the market situation and are intended to make it easier for GDR agricultural enterprises to make the transition to a market economy. The established minimum guaranteed prices for the above period for slaughter cattle and hogs are roughly equivalent to the average 1989 FRG selling prices in the following basic categories:

Item	Quality Category	Price (in DM)
Cow's milk	I	665/metric ton
Slaughter bulls	A	3,700/metric ton (live weight)
Slaughter heifers	A	3,300/metric ton (live weight)
Slaughter cows	A	2,690/metric ton (live weight)
Slaughter hogs	c	2,500/metric ton (live weight)
Slaughter sows	gl	2,200/metric ton (live weight)
Slaughter lambs up to 42 kg		3,590/metric ton (live weight)

For amounts in excess of those established, farmers receive only 25 percent of the minimum price monthly.

At the same time the quality categories used in the European Community were introduced.

Adaptation to the New Conditions

GDR Agricultural enterprises will have to adapt to market conditions. This will require readily available information about market conditions, price developments, supply and demand. To meet this need an institution for marketing has been established, which also operates on market principles.

The most important factor in production planning, which agricultural enterprises have to do under the new conditions, is an assured future customer. This means that enterprise managers must adopt a flexible market strategy, so-called good marketing. This demands a new managerial style which can be learned through study programs and training classes for enterprise managers. Training that has been offered in the GDR so far has shown how poorly existing agricultural enterprises are prepared for the new conditions. On 2 July 1990, GDR farmers were thrown unprepared and without protection into the sea of the regulated agricultural prices and market of the European Community. Even some price assurances cannot in this situation provide certainty or optimism. Agricultural enterprises and cooperative unions are clearly in a weak position to force better transitional regulations.

Czechoslovak agricultural enterprises can find themselves in a similar, though not identical situation on 1 January 1991. There is not much time but some time, nevertheless, to better prepare themselves for market economic principles, and to organize into interest groups (to be continued).

Doubts About Slusovice's Past, Future

Suspect Commercial Practices

90CH0419A Prague OBCANSKY DENIK in Czech
30 Aug 90 pp 1, 3

[Article by Milan Kotik: "Flagship in Danger: Was the Prosperity of Slusovice Founded on Middlemen?"]

[Text] Slusovice is a mammoth combine that has always been the center of attention, both during the totalitarian era and during the early days following 17 November when our democracy began to be born. During the bitter years of normalization Slusovice won the favor of the public because of the audacious way in which it employed groups that were troublesome for the Husak regime. Tens of experts, who would have been out in the cold elsewhere found a refuge, a roof over their heads and, above all, work here. But after November, this dauntless warrior against the arrogance of communist despotism suddenly became a collecting point where the highest communist bosses as well as comrades from the StB [State Security] found shelter.

All find understanding here, and he who withstood the harsh attacks of the top bosses of normalization for years, "caves in" after a couple of reprimands by President Havel.

There is increasing speculation about Slusovice and there were even some unfavorable articles in "competitor" journals. Thus we set out for Slusovice on Tuesday to meet with members of the cooperative and members of the local Civic Forum. As an opener, one of the OF [Civic Forum] members, Eng. Jaroslav Pochyly, said: "For years economic prosperity was primarily based on middlemen. Commercial activity makes up 80 percent of the output and their own production a mere 20 percent. Renowned companies, such as Bata, on which Slusovice was meant to be modeled, operate in exactly the opposite proportion. Buy well, and sell even better, is the proven rule of all dealers, but this cannot be a reliable basis for the future of people, that ensures work for more than 6,000 employees. Thus Slusovice now lives from assets. It is literally eating away the property of the cooperative's members, its debt with the state bank grows daily, and what used to be the flagship is now taking on water and is threatening to sink. Sober reflection shows that the present production programs could support two to three thousand employees. The managers of the cooperative act as if the adverse situation did not affect them. There is ostentatious luxury, display at all costs, an official car for one's brother that costs a million, the most expensive BMW models, that usually have a year's waiting list. This window dressing resembles the end of Ceausescu's reign a little too closely," J. Pochyly adds. Probably the Securitate is just as present in Slusovice. You realize this immediately when you start talking to people.

If they realize that you are from the newspaper, they hardly say a word, just that they are afraid, and if you can get them to say anything at all, they will not give you their name. Those who publicly came forward after November, were raked over the coals. Most of them now have no job, and even entire insubordinate operations were closed down. The Civic Forum had a difficult job here from the very beginning. According to Frantisek Cuba, it is allegedly not a partner with whom to carry on a dialogue.

The carrot and stick method works perfectly here, and even some members of the Civic Forum have succumbed to it, and allowed themselves to be bought. They can be very generous to reasonable people here. Actually, generosity is typical of Slusovice, a fact to which the leadership of the Czechoslovak Agrarian Party can attest. Just as a starter, it received two million crowns. And when this was discovered, it was suddenly transformed into a loan....

Another member of the Slusovice OF, Vladimir Pecirka, explains: "Most of the members were shocked by the chairman's speech at the public meeting in Zadverice on 18 December. It showed that, though the leadership of the cooperative expected political changes, it expected

them with a different composition and particularly with different results. In reply to the OF's demands, the chairman said, among other things: "Up to now I have taken care of the cooperative. Now I must get security for myself and my family." That same evening the creation of a new stock company, MORAGRO, was announced—a private company with twelve major shareholders, including even the former secretary of agriculture of the UV KSC [Central Committee of the CPCZ], M. Zajic, and a number of other interesting individuals. By the way, Mr. Zajic now manages Slusovice's foreign trade with the Soviet Union.

Haven for Former Party Members

90CH0419B Prague OBCANSKY DENIK in Czech
1 Sep 90 pp 1, 3

[Continuation of article by Milan Kotik: "Flagship in Danger: Will AK [Agrocombinat] Slusovice Survive or Disintegrate?"]

[Text] This part of our article about Slusovice may be rather a shock for our uninformed readers. The new political atmosphere and newly created competition are revealing practices that were successful under the totalitarian regime; but in a democracy and in a market economy, they have proved to be, to say the least, not quite fair....

MORAGRO is daily becoming more of a little sot and is swallowing everything that its assiduous shareholders set before it. It now has at least fourteen enterprises under its wings. But it plays strange games with its own cooperative, according to the motto that blood is thicker than water, and thus it more or less sold the administrative building to itself at the current value, and transferred two hundred computers; and then, when it had the bad luck to be subjected to an unexpected inspection—naturally no one knew that it would take place on Wednesday—some one, by pure chance, broke into MORAGRO's safe."

"The situation in Slusovice is worse than critical," concluded Dr. Jiri Petr, another member of the OF at the end of our Slusovice interview. "It appears that someone is trying to get an already tangled knot of problems even more tangled. Operations or factories are closed down every day, and new ones are created immediately. Thus legal ownership rights become ever more confused, which is probably the objective." Slusovice is literally becoming a model in the power struggles with economic cadres of the past. Everyone, particularly former cadres, is watching to see what will happen. If the authorities at Slusovice succeed in stripping the cooperative's assets, it will serve as an excellent model for procedure elsewhere. Slusovice, as one can see, were and are an example. And in order for this prestigious matter to be resolved successfully, a general member's meeting must be convened as soon as possible, which will probably dismiss almost all the top people, and freeze all post-November transactions until they have been thoroughly investigated.

This would be in the interest of the Slusovice cooperative members, because no one will be able to ascertain anything retroactively. The inspections that have been carried out and the ones that are being carried out are laughable because, as the people here say, they arrive in traditional costume, preceded by a brass band—in other words they announce their visit far in advance. The flagship Slusovice is listing more and more, and it is increasingly understandable that the chairman resigned. In fact, one cannot help but think that a comment made by President Havel directed at Slusovice came in very useful for Frantisek Cuba. Leaving today, misunderstood, and a celebrated martyr, including an elegylike issue of the cooperative's Nase Cesta, is a lot better than leaving tomorrow without fanfare.

When I visited the cooperative, I also met the former Vice Chairman Miroslav Kubik, who is now the manager of a microelectronics factory and who handed me a copy of his own personal point of view as a cooperative member that completes the picture at DAK Slusovice. It states: "There was a misunderstanding between the Civic Forum and the leadership of the cooperative, the causes of which go much deeper than the chairman stated in his recent resignation speech. They are to be found in the very principles of Slusovice, and are based on the fact that Slusovice was always a political entity and was able to influence politics substantially through its economics. That is why this political entity cannot disappear now, since Slusovice continues to exert political influence. In the past it was a strong opponent of totalitarianism, and the public rightfully expected a very positive political attitude in the new situation. There were few other enterprises where conditions were as favorable for a transition to a market economy. But an incomprehensible thing happened. The leadership of the cooperative suddenly began to behave apolitically by creating a private stock company, MORAGRO, whose members, apart from the cooperative members, are individuals from the past regime, and this created an atmosphere that is unacceptable for the leadership of the country. The idea of MORAGRO in itself is not bad. But it gave cause for speculation in front of the cooperative members, and led to opposition from those around. Commercial suppliers and purchasers started to boycott Slusovice after November. Chairman F. Cuba replied to complaints about the composition of the shareholders with the statement that it is irrelevant whether a shareholder is a communist or not in the world. However, this opinion put a negative political wedge between the public and Slusovice. Despite warnings, Mr. Cuba increasingly openly continued to appoint former aparatchiks to the highest positions. I do not object; I, too, was blackballed once and went to Slusovice—but to a basic job, not to one of the highest positions. For the future it is unthinkable for members of the cooperative also to be shareholders in a private enterprise. They must choose one or the other, and the leadership of the

cooperative must, as quickly as possible, return to Slusovice the political significance that the public rightly expected from it." That's all from Eng. M. Kubik's statement.

POLAND

Trade Delegations in United Germany Confront Changing Circumstances

90EP0872A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 33, 19 Aug 90 p 5

[Article by Henryk Martyniak: "Foreign Trade"]

[Text] Recently, in Berlin, a meeting was held at the Polish Republic's trade advisory office to discuss the future of the trade delegation of Polish enterprises and foreign trade agencies in that city. The recommendation from the meeting was that the unification of Germany must mean the end of the PHZ [Foreign Trade Enterprise] trade delegation insofar as it is a product of the system of countries of real socialism, and characterized, for example, by the fact that the delegation employees enjoy diplomatic privileges and do not pay any taxes.

With the adoption of a unified currency, the individual trade delegations attached to the Polish PHZ have found themselves in a new situation. The delegations negotiating services have managed fairly well, but the so-called goods delegations (i.e., those implementing the deliveries of goods) have found themselves in an incomparably difficult situation. The matter of clearing accounts also shapes up differently for both groups, since some trade delegations have already converted contracts into deutsche marks. The rest continue to clear accounts in convertible rubles.

Boleslaw Lonak, director of the Centrozap PHZ trade delegation, feels positive. Deliveries of machinery and equipment for the metallurgy industry, completed projects in this field, machinery and equipment for copper, lead and potassium salt mining and ventilating, air conditioning and dust extraction equipment are still implemented in convertible rubles. Services have already been converted into western marks. The export volume of this trade delegation is three times greater than the import volume. This is important because, given the recession in Poland, Polish partners are manifesting a tendency to cancel already-signed contracts.

To date, the Berlin trade delegation of Centrozap has not had to cancel any contracts; what is more, it is expecting an increase in revenues this year. It always placed second in revenues after Polimex-Cekop. Prospects for the near future include subcontractual work for West German firms. In Dusseldorf, Centrozap maintains Dalinco, a joint-stock company with the participation of West German capital. With this company, the Berlin trade delegation conducts joint market research. Director Lonak does not foresee his trade delegation changing

into a branch of this company, but rather envisages the possibility of opening a completely new, autonomous company in Berlin.

Leon Oleskiewicz, director of the Berlin trade delegation of Polimex-Cekop, maintains that his firm adjusted to the adoption of a single form of currency fairly well. When, in June, the existing CEMA system broke down, the trade delegation converted contracts into deutsche marks. At that time, they also canceled a number of contracts, the implementation of which proved impossible given the difficulties in which the East German partners found themselves. The pride and joy of Polimex-Cekop, i.e., its export of finished industrial products, had already collapsed in Germany in the early 1980's. Now the survival of Polimex-Cekop is based on construction-assembly projects, technical assistance, renovation and maintaining equipment already in use.

Director Oleskiewicz is convinced that in the next few years, the present expanse of the GDR will be transformed into a great capital-spending testing ground, and that his firm will become involved in such fields as the power industry and environmental protection. The Germans, however, will hire experts in very specialized areas. And so the previous practice in which the number of persons on contracts, and not their specialties was important, will end. The future of the Berlin trade delegation lies in its transformation into a branch of the Polish-West German Depolma stock company with headquarters in Dusseldorf.

Bazyli Ciezkowski, director of the Pezetel trade delegation in Berlin, is pessimistic about the future. He expects up to a 50-percent decline in revenues in 1991. Until now, Pezetel exported agricultural and sports airplanes on the GDR market, spare parts for these planes, applied hydraulics, pneumatics, high-compression engines and hydraulic pumps. It made repairs and performed agro-technical services. All that remains now are its deliveries of spare parts and engine repair. This emanates in large part from the fact that the East German Greens Movement has become very outspoken about environmental protection, claiming that the dusting of fields from planes is harmful to the environment and the noise from agricultural planes is harmful to humans. Thus, the dusting has ceased and 170 airplanes, supplied primarily by Poland, have nothing to do. There is no talk at all of any more deliveries. Director Ciezkowski is thinking of changing the trade delegation into an autonomous stock company or into a branch of the Polish-West German company Mexpol. But this is not a very good solution, since Pezetel is not the only shareholder in this company, for Metalexport, Varimex and Agromet also belong to it.

For Michal Pietrachowicz, director of Unitra's Berlin trade delegation, the opening of the West and East German borders and the adoption of a single form of currency are a real disaster. Overnight the demand for East German electronics, which has not been able to compete with the West, has declined. Unitra was the supplier of subassemblies for electronics plants in the

GDR. The bankruptcy of the Berlin Stern-Radio plant may be an example here. This year, the trade delegation will reach perhaps 50 percent of its previous sales, on the condition that contracts continue to be cleared in convertible rubles. An assortment for the German ready-made equipment market, to which column speakers, radio cassette recorders and the like have not yet been exported, would be a way out of the situation. The trade delegation itself plans to restructure into a technical-information office and, of course, it will not pay taxes.

A somewhat more hopeful mood reigns in the Varimex trade delegation. All current contracts are still cleared in convertible rubles. The only problem is that the East German partners are requesting more and more often that the autonomous stock company in Berlin be abrogated, while the acting trade delegation director, Henryk Antonowicz, prefers not to say anything on the subject.

Ironically, the market is proving to be favorable to those who had been resisting its appeal.

Gdynia-Kvaerner Joint-Venture Agreement Nears Readiness

91P20008A Oslo AFTENPOSTEN in Norwegian
8 Oct 90 p 16

[Article by Grete De Lange: "Gdynia Is Canceling Loss-Producing Contracts"—first paragraph is AFTENPOSTEN introduction]

[Text] Kvaerner wants a clean table when the firm enters into the Polish Gdynia shipbuilding firm on a 50/50 basis. Therefore, Gdynia has canceled all loss-producing contracts. Thus, conditions are put in order for Kvaerner to become a partner.

Kvaerner's director of information, Per Bjorgan, says to AFTENPOSTEN that he thinks the agreement with Gdynia will be signed shortly. Kvaerner has negotiated for entry into the Polish shipbuilding concern for over a year. Gdynia has built all types of ships up to 400,000 tons dead weight. Even if the actual investments are not all that large, this is the largest project Kvaerner has ever been involved in, according to Bjorgan.

Poland and Kvaerner will each invest assets totalling 17.5 million dollars. Kvaerner is injecting 12.5 million dollars in currency plus 5 million dollars in technology. Poland is contributing 17.5 million dollars in equipment in the first year. In the second year Kvaerner is investing 10 million more dollars. At the same time Kvaerner is obtaining a business loan for 30 million dollars.

Challenge

The big challenge for Kvaerner lies on the administrative side. Arnt Hana, former chief of Kvaerner Rosenberg is already in charge of the administration of the shipbuilding concern. Kvaerner's Kjell Inge Vedholen is economic director and Knut Assgaard is personnel director. There will also be a large group of foreigners at the Gdynia concern after the turn of the year.

The negotiations with Poland have been long and difficult. A special headache for Kvaerner was the fact that Gdynia had entered into 24 contracts, many of them being loss producing. Kvaerner has been notified that the five which are with western firms have been canceled. Kvaerner is not participating in possible discussions on the validity of the cancellations. According to the shipping newspaper TRADE WINDS, this concerns three 90,000-ton tankers which have been ordered by Zenith, one firm among others which Jan Petter Roed is behind. Two 135,000 dead weight ton dry cargo ships have been ordered for the French firm Louis Dreyfus & Cie. Also 19 ships have been ordered from Polish and Soviet interests. Bjorgan does not know for sure what has become of these ships, but he thinks that those which are not far along in the building process have been canceled.

Unanswered Questions Concerning Initial Privatization Effort Posed

90EP0013A Warsaw POLITYKA in Polish No 37,
15 Sep 90 p 3

[Article by Jerzy Baczynski: "Privatization: Few Questions, Meager Answers"]

[Text] The intermission is over: we go back to our rut—pupils to schools, deputies to the Sejm, the government to governing. The French call the beginning of September *rentree* (return), and over there a favorite guessing game of this sorry season is identifying the most urgent dossier awaiting the politicians on their desks. In this country the answer seems clear, at least so far as Deputy Prime Minister Leszek Balcerowicz is concerned: at the moment nothing is more urgent than privatization. Soon now, in about two weeks, the first state enterprises will, in accord with the July Decree, transform themselves into joint-stock companies, yet no answers are available to many fundamental questions on the techniques and consequences of these transformations. I do not want to sound carping, but once before in our history we had changed our system of society in accordance with improvised instructions, and the results were, it appears, far from the best.

I therefore rejoiced to learn that L. Balcerowicz was going to mark his public *rentree*—that is, if he had any vacations at all—by traveling to Krosno in order to meet with the personnel of the local glass works, one of the first enterprises to be privatized. The deputy premier was accompanied by a group of deputies and senators, founders of the nonpartisan Spring 92 Society for Supporting Economic Initiatives. (To be sure, the purpose of the presence of these deputies and senators there was not quite clear to me, since all that time they did not speak up at all, but then perhaps the point was that this time they should just listen.) The meeting itself in Krosno, which was partly shown on television, was unorthodox in

at least one respect: the most interesting questions and answers were those not asked and not given.

But before I discuss the heart of the matter, let me say something about the Krosno Glass Works. That plant seems to prove the notion that our technological backwardness can sometimes be a major economic asset. At the main department (90 percent of output exported) glass utensils are manufactured by a technique known since the Middle Ages, meaning with the aid of so-called blowpipes and wooden molds. I once happened to see a similar plant in Great Britain, where it was reputed to be a major tourist attraction and its glass products were sold on site at extremely high prices. We can hardly compete with Europe in the industrial production of molten glass, but the opportunities for selling our glass products on foreign markets are quite good. This is besides confirmed by the satisfactory economic performance of the Krosno Glass Works, due chiefly to exports. In the first seven months of this year that plant has earned more than 80 billion zlotys in profits, given a work force of 6,500 and a profitability of nearly 50 percent. Thus, as an object for privatization it was a good choice.

Now is the time to ask the first unasked question: what can the work force of the Krosno Glass Works gain from privatization?

The Worker Council at the Krosno Glass Works has unanimously supported the proposal to transform that enterprise into a joint-stock company. Actually, I hardly understand its decision because it means its self-dissolution and, hence, also complete independence of the plant management and the possibility that future stockholders may—and certainly shall—demand slashing the personnel rolls. Moreover, the employees will have to fork over their own funds in order to buy stock (on preferential terms) in the knowledge that, even so, 80 percent of the stock will be owned by outsiders, who (may) soak up the lion's share of profits without surrendering even a penny for the modernization of the plant. In return—and that was surely an argument used by the management—higher earnings could be expected (of course, on condition that the enterprise shall continue to prosper), along with, eventually, higher dividends from the stocks purchased (when? what kind of stock?).

In praising the work force for its courageous decision, Deputy Prime Minister Balcerowicz employed institutional and macroeconomic arguments, stressing the need to privatize the economy. But I fear that soon now macroeconomic arguments of this type will prove insufficient. If the standardbearers of privatization do not find a better argument for convincing the work forces that a change in the mode of enterprise ownership is advantageous to them, major problems in transforming that mode of ownership may be expected, regardless of the resolutions that may be passed by worker councils at plants, and regardless of how many members of those councils vote in favor of such resolutions.

For now at least, the immediate impression produced on me by the meeting in Krosno is that the principal and popular incentive [for the work forces to agree to] privatization is the promise to abolish the "popiwek," that is, the punishing tax on wage increases. I would give a special award for the season's best economic idea to the person who had conceived the idea of tying the abolition of the "popiwek" to "the degree of privatization" of an enterprise. This is a truly Machiavellian concept. All socialized enterprises are loudly demanding the abolition of this murderous tax, quoting dozens of examples showing how it hobbles the increase in output and productivity, and how unfair it is to the work forces. I was curious as to how long the government will continue to resist these pressures. And so now Deputy Prime Minister Balcerowicz is making the following proposal: if the wage controls are taken over by private owner(s) from the state, the "popiwek" will be abolished.

This, however, raises questions which the deputy prime minister has not, for the time being, answered definitively. At what moment in the course of ownership transformations will that tax be abolished? After the state enterprise acquires the status of a joint-stock company of the State Treasury, or only after shares in it are sold? And, if the latter, after how many shares are sold? All or one-half? Or perhaps the decisive moment will be the formation of the company's supervising council and the election of new board of directors? And who shall decide whether the enterprise is ripe for deregulating wage controls?

Another question that should be asked, by the work force, is whether the abolition of the "popiwek" will really contribute to that increase in wages on which all privatized employees are counting? After all, the current low wages are most often not due to the "popiwek" but to marketing difficulties and a simple shortage of funds. The fewer illusions at present, the fewer disappointments in the future.

At a time when the first seven enterprises already are readying themselves for privatization (Krosno Glass Works, Tonsil, Exbud, Fampa, Swarzedz, Norblin, and Czechowice Cable Factory), it would also be worthwhile to ask whether privatization might not result in changing the operating modes of these enterprises?

During the discussion in Krosno somebody observed perceptively that a majority of our state-owned plants either are monopolists on the market or dominate it with respect to their products, and there is no reason to believe that a privatized monopolist would behave any better than a state monopolist. On the contrary, only a privatized one has true room to impose his will. Moreover, if, e.g., some 15,000 or so citizens buy shares in Krosno Glass Works—considering that stock is supposed to be offered to any buyer—how will they influence the plant's management? Who will really control the management of such a supposedly private plant? The private owners, or no one?

L. Balcerowicz proposed the following solutions: whenever a monopoly cannot be broken up by means of legal instruments (the Antimonopoly Law), competition for the domestic producer will be created by letting imported products enter our market. Rightly so. But how does the government conceive this? For example, in the case of the privatization of the FSM [Passenger Car Factory], will the duties on and tax barriers to car imports be automatically abolished? Will the industrial subsectors subject to ownership transformation be immediately exposed to international competition?

Still and all, this problem seems simple compared with the threat of the excessive scatter of ownership of the enterprises being sold, that is, the threat of a seeming privatization. Here the deputy prime minister suggested a rather novel idea: a substantial packet of the shares of privatized enterprises should be set aside and entirely auctioned off. The domestic or foreign purchaser of that packet would immediately wield considerable influence on the board of directors of the enterprise and could, in a sense, act as a substitute owner, or as a representative of the interests of small shareholders as a whole. This is not a bad idea, provided that another unasked question be answered, namely: how large will that packet be? Will it be just one, and if so, how [does one] protect the interests of small shareholders in a situation in which, e.g., the purchaser of a 10-percent share holds the reins of the enterprise? And would setting such a packet aside mean a departure from the principle of universal and equal access to the prime stock market? Or perhaps it means immediate sale to chiefly big investors. But then what will the citizens do with their stock warrants? (The question of these warrants was of quite lively interest to the Krosno public, but here the deputy prime minister avoided answering. No decision has yet been taken as to the scale on which these warrants will be issued, their nominal value, and the requirements for eligibility, and chiefly whether these warrants themselves can be traded or should be used only to purchase stock.)

On the occasion Leszek Balcerowicz again voiced his opposition to the concept of so-called employee stock ownership, advocated by the so-called worker self-government lobby. Preferential stock buying privileges and gratis stock warrants are the only concessions that could be made to the supporters of public or group proprietization. Shares are to be sold. A question from the audience: where is the capital to be found, considering that it is scarce? In response, the promise was given that banks would support investors, along with the suggestion that good ideas do not always require substantial capital to bring them to fruition. No further questions on this matter were asked.

One of the most interesting questions during the three-hour meeting was asked by L. Balcerowicz himself: what is to be done with the state enterprises which for the time being are not selected for privatization? Here the deputy prime minister outlined the concept of so-called commercialization, that is, preliminary privatization, with the owner's role being played by a supervising council

consisting of one-third work force representatives and two-thirds representatives of the State Treasury. In this connection, the State Treasury would be represented in the public by activists of economic societies and worker self-government activists (but from outside the enterprise concerned), as well as by other competent individuals nominated by, e.g., the National Chamber of Commerce or the Confederation of Employers.

That also is an idea whose level of generality raises more questions than it answers. Would, for example, participation in the work of the supervising council be remunerated, and if yes, would not that mean superb sinecures for a small circle of new activists? Could the same person sit on many supervising councils? And what would be the powers of the supervising council and the powers of the board of directors? Might not appointing worker self-government activists to membership in other plants be an attempt to neutralize them, and what would be the sense of having a worker self-government activist from a steel mill act as a member of the supervising council of a neighboring mine or tile factory? And would wage negotiations take place between the aforesaid one-third and two-thirds or between the trade unions and the supervising council as a whole, or between the trade unions and the board of directors? And so on...

I sympathize with the advisors to the deputy prime minister and the employees of the Ministry of Ownership Transformations, who must rapidly find answers to dozens of similar and more or less equally troublesome questions. The machinery of privatization has been set in motion, and it is anticipated that several hundred enterprises will be processed by it in the next few years. For the time being the situation is that the side being privatized is asking definitely too few questions, while the privatizing side is giving too meager answers. We are playing blindman's buff. I know that the Krosno Glass Works is being privatized at present, but I have no idea on what basis. In time the doubts (as to the approach to the appraisal of assets, the number of shares to be issued, the manner of their distribution, the statute of the enterprise, etc.) will of a certainty be cleared up, but for now the personnel of the Krosno Glass Works are to be congratulated on their daring.

Costs, Production, Usage of Various Energy Sources Noted

*91EP0005A Warsaw ZYCIE GOSPODARCZE
in Polish No 37, 16 Sep 90 p 9*

[Article by Aleksander Szpilewicz: "Market of Fuels and Energy"]

[Text] Declining demand for fuels and energy registered in the first seven months of this year is significant. The cumulative effects of tight money, an economic recession, and a mild winter have combined to produce it.

The decline in demand affected the coal industry the most. Coal output was 16 million tons less than a year ago. It amounted to 89.3 million tons (in July, 12.3

million tons). The labor force of mines has remained unchanged. It amounts to 408,000, out of which 60,000, or less than 15 percent, are directly "where the coal is" (at longwalls and open ends). The average monthly output per employee amounted to 31 tons, compared to 36 tons a year ago. The decline in productivity is the result of the statutorily reduced work time.

Productivity, in terms of output per employee, is 10 times less than that in the main coal-exporting countries (United States, Canada, Australia, and the Republic of South Africa) and three times less than in the main basins of Western Europe (Great Britain and the FRG). The range of monthly output per employee is as follows:

- Under 20 tons per employee—nine mines; sales in the first seven months—3.5 million tons.
- Between 20 and 40 tons—50 mines; sales in the first seven months—59.5 million tons.
- Above 40 tons—11 mines; sales in the first seven months—23.2 million tons.

The spiral of [rising] coal costs has been stopped. A drop in the July cost by 8,000 zlotys per ton gave rise to cautious optimism. In nominal terms, the average cost in July was higher than in December of last year by a factor of 2.35. The cost of coal is stabilizing. In July, it was only 2.7 percent higher than the average for the first seven months. The share of wages in the cost of coal is lower this year compared to last year. Direct remuneration, including bonuses per employee, amounted to 1.85 million zlotys in July and was 1.8 times higher than the average wage in five sectors of material production.

The range of costs mirrors the range of productivity per employee. The lower the productivity, the higher the cost. In the group of nine mines with the lowest productivity, the cost of production ranges between 300,000 and 600,000 zlotys per ton. In the group of 50 mines with average productivity, the cost ranges between 150,000 and 300,000 zlotys. The cost is under 150,000 zlotys per ton in the group of 11 mines with the highest productivity per employee.

Sales in the first seven months amounted to 86.2 million tons (in July, 11.7 million tons). They were 18.3 million tons lower than a year ago (104.5 million tons).

The cancellation of official coal prices in July turned out to be correct. The July free prices stabilized at a level merely 4.2 percent higher than the June official prices. Proper ratios of sale prices at the mine and the consumer value of coal became permanent. In July, average prices for coal delivered to the main groups of customers were estimated to be as follows: for utility power stations—90,000 zlotys per ton; for industry—100,000 zlotys per ton; for the fuel market—150,000 zlotys per ton; for coking plants—175,000 zlotys per ton; and on the average 119,800 zlotys per ton.

In nominal terms, the July price at the mine was 4.6 times higher than in December of last year. The ratio of the prices at the mine which the worst and the best coal

fetch is 1 to 2.5. Fifty mines with sales of 55.4 million tons (64 percent) fall within the 100,000 to 190,000 zlotys-per-ton range of prices. Twenty mines with sales of 30.8 million tons (36 percent) secured prices lower than 100,000 zlotys per ton. This is the case with coal having a low heat content.

The policy of tight money and controlled growth of wages has borne fruit by way of a decline of coal subsidies. The average subsidy in the seven months amounted to 56,400 zlotys per ton. The trend has been downward. In July, the subsidy amounted to 43,700 zlotys per ton. In nominal terms, the subsidy was smaller than in December of last year (59,300 zlotys per ton). Sixteen mines with sales of 8.6 million tons (10 percent) "secured" subsidies exceeding 100,000 zlotys per ton. Among them are the following:

- Four Lower Silesian mines (Walbrzych, Victoria, Thorez, and Nowa Ruda), with sales of 1.0 million tons.
- Eleven Upper Silesian mines (Paris, Saturn, Sosnowiec, Kazimierz-Juliusz, Niwka-Modrzejow, Szombierki, Gliwice, ZMP, Krupinski, and Morcinek), with sales of 7.6 million tons.
- The Bogdanka mine in the Lublin Basin, with sales of 1.9 million tons.

Placing the Lower Silesian mines in liquidation this year is unavoidable. The period of phasing out production should end in mid-1991. This entails the need to gradually sell the components of their assets. The proceeds, together with a grant from the State Treasury, should replenish the Restructuring Fund of the Walbrzych region. They should create jobs for those laid off. This involves approximately 25,000 people.

The remaining 12 mines threatened with insolvency should be subjected to the rigors of timetables which set forth thresholds of specific subsidies that cannot be exceeded. A chance to survive is found in integration with the neighboring chartered self-financed mine or with the primary or only customer (case in point: the Bogdanka Mine and the Polaniec Power Station).

The introduction of market-based PKP [Polish State Railroads] tariffs means that the gap between the sale price at the mine and the wholesale price at a large customer's location or a wholesale warehouse of a district distributor is widening. In turn, the introduction of market-based trade markups means that the gap between wholesale and retail prices is widening. As a rule, small consumers pay twice as much as what the sale price at the mine amounts to, and this includes the populace of rural areas and cities doomed to coal heating.

In anticipation of a regular winter, the correct decision was made to purchase coal for utility power plants on an interventionary basis. This process is developing without disruptions. There should be no problem with the supply of fine stoker coal. However, empty storage facilities for stove coal give rise to concern. The storage potential is about three million tons. The supply of lump coal may

turn out to be substantially lower than demand in winter. The peculiarity is found in the lack of correspondence between the permanent share of lump coal supplied by the mines (16 percent) and its higher share in the structure of winter demand (22 percent). An interventionary purchase of about 1 million tons of lump coal is indispensable.

Coal exports amounted to 16.2 million tons in the first seven months (in July, 2.0 million tons), out of which 7.6 million tons went to the first payments zone [ruble-denominated trade], and 8.6 million tons went to the second payments zone [hard-currency trade]. The book profit from the exports of coal is modest. It amounts to 6,600 zlotys per ton (July—10.2). A total of 1.7 million tons of coke have been exported, out of which 1.3 million tons went to the first payments zone, and 0.4 million tons went to the second payments zone. Inland sales of coal in the first seven months amounted to 70.0 million tons (July—9.7). Stocks at the mines amounted to 2.2 million tons by the end of July (at the end of last year, 0.7 million tons). This was mainly hard-to-sell substandard sludge.

A transition to the winter season will call for interventions. At issue are:

- Preventing a further decline of production below the July level within the framework of annual subsidies to the mines of about 7.4 trillion zlotys (seven months—4.9 trillion).
- Slowing down exports to the annual amount of 22 million tons; exceeding this amount would compel making up the difference through an import intervention.
- Stepping up the production of electricity in lignite-fired plants.

Similar to coal, the demand for coke dropped. The results of seven months indicate a decline of production and domestic demand by 2 million tons per year, or 15 percent. For the most part, production declined in obsolete "mine-based" coking plants in Upper and Lower Silesia. The consequences of deregulating the prices of industrial-grade coke are unknown at the moment (an information gap). In July, the free price for lump stoker coke at the coking plant fluctuated around 450,000 zlotys per ton. This means a ratio of 2.8 times the sales price for lump coal at the mine and 2.6 times the sales price of coking coal. In EEC countries, coke is twice as expensive as coking coal.

The market for gas has been affected by the consequences of the recession to a smaller degree than that of solid fuels. A drop in demand emerged only in industrial consumption. The consumption of high-methane gas for communal and residential uses was 8.3 percent higher than a year ago. Gas imports are carried out without disruptions, in keeping with the annual contract. In the first seven months, they amounted to 4,532,000,000 cubic meters. It is 4.9 percent higher than a year ago. This was reflected in restrictions on output from

domestic fields, down to 40 percent of last year's volume for high-methane gas and down to 85 percent for low-methane gas.

Gas prices continue to be regulated from the top. The July increase in the gas tariff for the populace reduced the gap between the prices for industrial and household gas from a 6:1 to a 3:1 ratio. However, this continues to be an anachronistic structure. It does not promote respect for the gas in residential and communal uses.

High-methane gas, the share of which is 81 percent, is the main form in the structure of supply. Nonindustrial consumers account for 31 percent of the consumption of high-methane gas. The share of nonindustrial consumers is higher for other types of gas; it amounts to 47 percent of low-methane gas, 60 percent of coke-oven gas, and 97 percent of town gas. Gradual reductions of subsidies for gas used in households are indispensable. The process of restoring rational ratios should occur in stages during a period no longer than the end of 1992.

The demand for motor gasoline did not deviate from last year's. However, the demand for diesel fuel in transportation and agriculture dropped by about 20 percent. The consumption of residual fuel oil in industry declined in the same proportion. The processing of crude oil is about 1 million tons lower than a year ago.

Retail and wholesale prices are still official prices. The ratios of prices for motor gasolines, diesel fuel, and residual fuel oil are similar to those in the countries of Western Europe.

The processing capacity of refineries is lower than a year ago due to amortization. Hence the decreasing share of domestic products and the growing share of imported fuels, mainly motor gasolines, from both payment zones. This situation is unfavorable from the point of view of economics and logistics. Opportunities for the development of petrochemistry are being undermined. The costs and difficulties of distribution and supply deliveries to the southern part of the country are mounting. The main issue is to finalize an agreement on the construction of the Southern Refinery in Blachownia Slaska processing 6 million tons a year. The construction cycle may be completed within two years. At the same time, the Gdansk-Plock pipeline will have to be extended to the Southern refinery.

The supply of electricity is not restricted. The capacity load is smaller than a year ago. The balance of exchanges with foreign countries is even. Grid losses are somewhat smaller than last year. Net electricity consumption is seven percent smaller, out of which in industry 13 percent smaller, and for traction on the PKP 12 percent lower. Sales for residential and communal uses increased by four percent. The share of electricity consumed in nonindustrial uses at excessively low rates is growing. The doubling of fees for households in July of this year is merely the first step on the road to curing electricity tariffs.

Progress in managing the capacity load and making the supply of capacity more flexible is still lacking. Investment projects should be aimed at modernizing power-generating units, expanding the high-voltage grid and [commissioning] of interties connecting the national power system with that of Western Europe. This will make it possible to avoid the construction of new power stations in the current decade.

Similar to electricity, the deliveries of heat this year will be about seven percent smaller than last year. They are estimated to be 61 Terawatt-hours (1989—65.8). Industry claims an estimated 35 percent of remotely-controlled heating,“ whereas the communal and household sector 65 percent. Customers have no control over

the amount. A supplier monopoly and a flat-rate payment system based on the surface of the unit heated are in effect.

The cost of energy supply for the economy this year will reach a total of about U.S.\$8.5 billion in contract prices. In comparable prices, it will be 11 percent lower than last year, whereas the income generated will presumably be 15 percent smaller than last year. This year's generated income is estimated to be U.S.\$60 billion. Therefore, the cost of energy supply corresponds to 14 percent of income. The cost in question is a sum of the costs of energy forms received by final consumers. Electricity is the most expensive energy form; it accounts for close to two-fifths of the global cost of energy supply. Therefore, actions streamlining the sphere of consumption should be focused on this form. Likewise, the greatest squandering occurs with regard to this form. A national program of respect for energy is necessary.

Costs of Supplied Energy

Energy Form	Amount	Unit Cost (in \$U.S.)	Global Cost (in Million \$U.S.)	Percentage
Hard coal (million tons)	56	30	1,680	19.7
Coke (million tons)	11.4	70	798	9.4
Gaseous fuel (billion square cubic meters)	10.5	80	840	9.9
Liquid fuel (million tons)	9.5	150	1,425	16.7
Electricity (billion kWh)	105	30	3,150	37.0
Remotely-controlled heating (billion kWh)	61	10	610	7.3
Total	—	—	8,503	100

Poor Condition of Okecie Airport, Prospects for Improvements Reviewed

90EP0870A Warsaw RYNNKI ZAGRANICZNE in Polish No 80, 6 Sep 90 p 8

[Article by Marek Slawatyniec: "Our Airports Today and Tomorrow"]

[Text] While it is true that the State Airports Enterprise [PPPL] has been in existence only three years, during this time it often has become the subject of interest of the mass media. For travelers passing through the Okecie International Airport it is a most often discussed subject.

The disastrous organization, gruff service, filth, and overall mess make the Warsaw airport stand out unfavorably in Europe. The airport, everywhere a calling card of the city and country where it is located, forms the worst impression on newcomers from the civilized world, certainly discouraging subsequent visits and doing business in Poland. Changing the situation for the better in the very near future will depend not only on quickly completing Okecie II, but also on how quickly the PPPL adapts to new operating conditions where the traveler is not an intruder, as happened in the past, but rather a welcome customer whose favor must be constantly sought.

In addition to Okecie, the PPPL currently administers 10 major Polish airports, and to a great extent its current problems are the result of errors committed in the past. The previous enterprise that managed the airports, the Air Traffic and Airports Administration, which was formed in 1959, was a budget item operating under the Ministry of Transportation. As a result of this fact, under Polish conditions essential investments were neglected. For many years the allocated funds were too sparse relative to needs. The net effect is that the airports, especially Okecie, are definitely underdeveloped.

None of Poland's airports meet the standards required of analogous facilities in the West. Our most important airport, Warsaw's Okecie, is rated as a Category I international airport in accordance with the ICAO [International Civil Aviation Organization] classification (on a scale of three, category III is the highest and category I is the lowest). The airport's buildings, constructed for the most part in the 1960's, receives almost 3 million passengers annually but was designed to handle only 750,000.

It is not surprising that Okecie's fundamental defect is its small capacity. Outside of the Sofia and Bucharest airports, the efficiency and quality of passenger service at Warsaw's airport is the worst in East Central Europe.

It is sufficient to say that the simultaneous landing of two wide-bodied airplanes causes huge bottlenecks in the arrivals building, and it even takes up to two hours to deplane. This is linked to the so-called objective limitation (insufficient number of passport-duty stations, inefficient baggage transport system, insufficient number of parking spaces) as well as subjective limitations, and, above all, poor work organization.

The situation is no better at the other 10 airports, most of which are regional airports. Old and often dirty waiting rooms, insufficient number of parking spaces and inadequate access roads are the sad truth of these airports. On a European scale, all of them are barely provincial centers. Regarding traffic volume, none of these airports can compare with the regional airports of Western Europe through which ten and even 20 to 30 times as many travelers pass. To some extent, this is the result of the underdevelopment of domestic air transportation within Poland as well as increasing competition from rail transportation, especially on the Warsaw-Katowice, Warsaw-Krakow, and Warsaw-Gdansk routes.

If the ongoing trend of traffic between Poland's airports continues to fall, then it seems that it probably will be necessary to close some of them, especially the money losing ones. The fact that only two of the eleven airports administered by the PPPL (the Warsaw and Krakow airports) were profitable last year is an argument in favor of this solution. All remaining airports operated at a loss.

The poor efficiency of the air traffic control equipment is another problem whose resolution is becoming increasingly more urgent. The air traffic control center is equipped with technologically outdated "original" radars. Its ASR-8 radar equipment can control aircraft approaches up to 120 km, and its AVIA-C radar equipment can monitor areas within a 280-km range. The relatively low efficiency of this equipment, in comparison with the "advanced" radars used universally in the West, makes it necessary to increase the vertical and horizontal distances between aircraft. As a result, the air space use is inefficient.

At present this system is operating at the borderline of its capability. Even an insignificant increase in traffic could lead to what is designated in aeronautics as "precursors of accidents." The immense strain on the air traffic controllers, which has been the cause of frequent protests, is another aspect of this problem.

It should be emphasized that 800 to 900 airplanes fly over Poland every day, of which almost one-half land at our airports. In all probability, the traffic volume will increase after German unification. One can expect the opening of the main trans-European air corridor linking France and Great Britain to the Soviet Union via Germany, which until now has been closed.

Despite today's serious problems, the actions undertaken recently to improve the operations of PPPL airports are a cause for much optimism. Two matters were

postulated a priori: the construction of a new international airport in Warsaw and the purchase of modern air traffic control equipment.

The West German firm Hochtief, from Essen, finally won the bid to construct the new airport. The contract was signed on 25 May 1990 by the PPPL as well as PLL LOT. This became possible due to the involvement of Citibank's West German branch, which will finance 80 percent of the investment on convenient terms (credit is guaranteed by the Hermes program). The total cost of this investment, which will be completed by the year 2001, will be over 2.336 trillion zlotys. Thus, unequivocally, this is the largest investment in transportation in Poland. In accord with the contract, Hochtief will build the new airport. At the same time, this same firm will build a cargo facility with 50,000-ton capacity for LOT and a facility to prepare flight meals. It is projected that the construction will be completed in two years.

The entire facility is supposed to serve 3 million travelers annually, that is, six times more than the old airport. After Okecie II is placed in operation, the old airport will be modernized so it will be able to serve 2 million passengers annually and maintain the norms and standards obligatory in Europe. At the same time, a portion of the traffic to Eastern European countries will be shifted to the domestic air terminal which is now underutilized because of the increasingly diminishing domestic traffic.

Realizing all the described projects means that the Warsaw airport will be able to serve up to 6 million passengers annually before the end of the 1990's. But the question still remains: Will it be too much or too little? Many experts believe that by the year 2000 the annual passenger traffic could exceed 10 million.

The purchase of equipment to improve the air traffic control system is another investment; it is a smaller scale investment but equally important. Based on the \$10.8 million contract concluded several months ago with Westinghouse, an American concern, PPPL will obtain by the end of 1991 radar equipment and a telecommunication system that meet world standards.

It should be emphasized that Poland is the first country in East-Central Europe that will be able to buy such modern electronic equipment, which not too long ago was embargoed by COCOM. The introduction of the American equipment will improve the operation of the air traffic control system by reducing the necessary vertical and horizontal separation between aircraft flying over Poland, and it also will simplify the tasks of the controllers. Eighty percent of the cost will be financed by Citibank's West German branch, the same as the Hochtief contract.

In the final analysis, the realization of PPPL's ambitious investment projects will depend on their financial situation. It will be affected by many factors. The most important factors are: meeting various formal-legal

requirements (Polish as well as international regulations); the volume of traffic destined for Poland and the volume of traffic in transit over Polish territory; and the encumbrances generated by the undertaken investments.

Certainly the PPPL will benefit from the change in international stipulations that are obligatory in the CEMA countries (regarding settlements concerning mutual airline industry services). The binding agreement of the partners specifies, among other things, charges for losses/lading and transit over Poland that are significantly lower than those charged by Western countries. This agreement was terminated by Poland several weeks ago, and, beginning 1 January 1991 accounting with CEMA carriers will be in accordance with normal commercial principals.

YUGOSLAVIA

Serbia's Opposition to Ownership Restructuring Scored

90BA0331A Zagreb DANAS in Serbo-Croatian
11 Sep 90 pp 26-28

[Article by Dimitrije Boarov: "The 'Kozara Dance' of Privatization"]

[Text] When the awkwardly frank Stanko Radmilovic, Serbian prime minister, finally stated unambiguously in a meeting of one of the numerous commissions to carry out the reform in Serbia, "we and the Socialist Party support the boycott of the federal law on salaries, we have been against it from the beginning, the limiting of salaries is better than this privatization of social property," it became clear to everyone why our largest republic, so thirsty for development and capital, is nevertheless against Markovic's method of monitoring distribution, although elementary logic says that it ought to be the first to support it. With his "forced reprivatization" here and now, (which is how Slobodan Milosevic at one time demanded the reform), Markovic has brought out into the open the profound ideological complex of the Serbian leadership when it comes to "the property of the people," since the entire concept of the unlimited national power of the "most progressive party, of the most moral nationality" was carried on that ideological backbone.

Radmila Andjelkovic, vice president of the Socialist Party of Serbia, provided an additional crystal-clear illustration that it is not a question of "ideology for the sake of ideology" when she said last week that "social property represents the work of several generations and of us ourselves, and no one has the right to pull out from under us the support on which we stand for better or worse on behalf of the promise for a better life, much less to do it overnight...." Leaving aside the halo effect, which occurred here pertaining to the easily promised speed, attention should be directed to the metaphor of pulling people's support out from under them. That is exactly what Nikola Milosevic was thinking of when in

the meeting to promote his Democratic Party in Sremski Karlovci (a few days earlier) he said that in defending social ownership the Socialist Party of Serbia is actually defending party ownership as the basis for its own unlimited power.

The action whereby Serbia is publicly canceling enforcement of the federal law on salaries was also motivated by a number of tactical objectives. Since many Serbian collectives without a dinar to their name took advantage of this summer's general chaos over the technical legal question of the new law on salaries to offer workers even their guaranteed personal incomes partially in shares and bonds, and since the slogan that came out of that was "we do not need paper, but money to survive," the entire business of forced reprivatization fitted nicely into the battle for the hearts and minds of the workers during the election campaign. The opportunity suddenly opened up for the strategic ideological objective to be fronted with a concern for the worker's standard of living and used for further demonization of Markovic as an unfit election rival.

Although even he himself has come out against the present legislative solution concerning reprivatization, Momir Pavlicevic, general director of Gosa in Smederevska Palanka, accurately notes that "every party is building its own election program on the dissatisfaction of the workers, but hardly any of those political parties is offering its own economic program, since it is not easy to make one, so that all or almost all of the parties have an interest in continuing worker dissatisfaction." This business executive accentuates his point with almost a cry for help: "If the elections in Serbia and Yugoslavia are not over in a year, the economy will finally fall apart." (VECERNJE NOVOSTI)

Courting the Voters

What finally drove the representatives of the Serbian business elite, once known for its thick-skinned independence, to stand up straight and offer this harsh assessment of the political battle in which almost all the parties are ready to pay for every point in the election campaign, even with the most vital and long-term interests even of their own nationality (and its workers)? If we are to answer that question, we have to look at the business results for the first half of this year as the Social Accounting Service of Yugoslavia has recorded them on the basis of the periodical statements. Here we will take an inevitable and brief walk through the figures.

Within the confines of that bad balance sheet of the Yugoslav economy, which is now well known and shows that in the first half of the year 6,396 firms (one out of four), representing a work force of 1,830,635 (one out of every three) recorded current losses of 34 billion dinars, we need to find the bill for the "worker satisfaction" with the initial successes of Markovic's reform, i.e., the circumstance that it started out with much less social dissatisfaction than anticipated.

It can be said with the necessary simplification that even a first glance at the structure of those losses (regardless of how much they were inflated to relieve the tax burden) suggests that among them there are relatively few capital losses, which in normal economies usually occur because of the administrative or market-imposed limitation of prices when firms cannot make up what they have spent out of gross income. Such losses represented only 18.7 percent of current losses, and all the rest—that is, 81.3 percent—mainly occurred because of uncovered personal incomes (it makes no difference when they are high or low). Within the confines of this unhappy balance sheet during the period of frozen salaries, Serbia proper and Montenegro showed the largest losses because of “courting the workers” (and because of an inefficient economy, of course). The region of Serbia proper, in spite of its considerable share of the electric power industry, ferrous metallurgy, and transportation—that is, branches whose prices were frozen—had a share of only 10 percent for capital losses, as against 29 percent in Vojvodina, 27.4 percent in Croatia, 24.5 percent in Bosnia-Herzegovina (including Kosovo with 30.6 percent, but everything there has come to a halt except the “law-governed state”).

These indicators offer the conclusion that the story about how Serbia is paying the most for Markovic’s anti-inflation policy and how the workers themselves cannot pay the costs of the reform has no backing in the figures. Nevertheless, it would be going too far to say that this is a question of outright manipulation. Serbia is certainly among those of our republics which the reform hits hardest, but that assessment differs essentially from the argument that this republic is “suffering in silence and paying” for Yugoslavia’s extrication from the crisis. Especially since the Social Accounting Service also furnishes the almost incredible datum that Yugoslavia’s losing enterprises (probably including those in Serbia) without batting an eye paid out an average personal income of 3,258 dinars at midyear—as much as a dinar greater than the average for the economy. The Vojvodina leaders should be scratching their heads first of all, since this province fell to fourth place in salaries, even behind Serbia proper, which is a rather underdeveloped area.

So then, why is the Serbian leadership opposed to Markovic’s law on salaries, which is based on the idea that at least those firms which are paying average (plus or minus 10 percent) and above-average salaries should be forced to save by means of withholding payment of 25 or 50 percent of the rise of salaries, respectively? If we forget about the “bugbear of reprivatization” which is the most frightening, it is obvious that there also is a great fear here of voter displeasure (noted earlier in Slovenia in the form of grumbling over the freezing of salaries in the middle of the elections, and in Croatia, where it took the form of anger because of Republic discipline in enforcing the December law on salaries, again just before the elections). It actually is not enough to say that it threatens only displeasure, because for two

years now, since the eighth meeting, the Serbian leadership has not even budged forward toward a modern and rich society of happy individuals. Just as soon as “cold peace” is established in Yugoslavia, and if the obsession with Serbia being threatened should let up, social problems in Serbia would explode. All those who care about Yugoslavia and who have an economic interest in its survival should nevertheless be aware of that.

Yet another prestigious business executive, Nikola Pavicic, general director of Sintelon in Backa Palanka, also became involved in the debate about the alleged worker dissatisfaction and payments in shares and bonds. He says simply that the attempt to overturn the law on salaries is a foolish game, since there is no money even for the present level of earnings, and he considers the stories about worker dissatisfaction with the shares untrue.

In July a 17.5-percent pay raise was paid in cash and the same amount in shares at Sintelon. The workers accept this, since they want to feel secure as owners in the factory.

Fear of the Loss of Power

Such a fierce resistance to Markovic’s package for guidance of distribution continues to defy logic in spite of all these explanations. Some people are probably wondering why the Serbian socialists are not more thrifty in committing their ammunition against the Federation and the Federal Executive Council. Would it not be a good thing for them to hold onto the money which the law on salaries would furnish them, and “stretch” Markovic as the big bad witch for the workers and the scapegoat for everything right up until the election? But there is also a personal problem here—the problem of the almost incredible popularity of Ante Markovic in Serbia, although recently even the most commonplace reports about his activity have been subject to a new quarantine.

Given the difficulties they have been having with Markovic as a competitor, the political marketing engineers in Serbia have thought up a risky operation of responding ambiguously to the invitation from Banja for Milosevic to speak now that Markovic has spoken on Kozara so that he might repair the damage that Ante presumably did there. That is where the logic is, and that is why we included this incident in our story about the Serbian resistance to the law on salaries; that Milosevic could go to Kozara with a light heart, since his success would be guaranteed. To be sure, reprivatization and the Kozara dance do not go with one another, but the conception of the reform as “two steps to the right and then two steps to the left” fits perfectly. When is someone going to succeed in explaining to the leadership team in Serbia that the reform is not an athletic contest and that the economy cannot be set to right on the basis of “faster, further, and more,” but that “there is no serious change without changing property relations,” as was stated by Karl Marx, father of the socialist idea?

To be sure, we do note a change in the ideological conception of ownership on the part of the Serbian Socialists; in future, it seems, social ownership will be called "mixed ownership." On the occasion of promising the support of the Serbian trade unions in the fight against the law on salaries, Stanko Radmilovic said that all forms of ownership—that is, social, private, and foreign—would be crammed into mixed ownership. The only use to be had from the "birth" of this ownership, it seems, will be that all its forms can be protected all at once, and so the problem that is severe for the subject matter of the Republic Constitution will be avoided. The problem is well known, the mechanisms for protection of social ownership are by the nature of things opposite to the mechanisms for protecting private ownership. That is why Dr. Slavko Caric, a well-known professor of economic law, while he supported the proposed version of the Serbian Constitution, proposed in a meeting of the Vojvodina Presidency that the term state ownership be used in a number of places instead of social ownership.

The Serbian Government administration is, of course, aware of the price that might have to be paid for the electoral ambitions of the Socialist Party. That is why Radmilovic himself had to tell the trade unionists that he is against a "manpower price" of 3,150 dinars which they had envisaged for conclusion of the collective agreement this Monday. Probably thinking of all of Yugoslavia, he responded that that price would double the annual losses to an amount higher than \$5 billion.

To take the whole story about Serbian resistance to the Yugoslav law on salaries to the point of absurdity, it can be shown by a string of arguments that Ante Markovic himself has been helping his accusers. Being a pragmatic man who anticipated fierce resistance from the now fully grown offspring of social ownership, he undertook reprivatization with paper which cannot be immediately turned into money, that is, with bonds (imposed on him in the SFRY Assembly) and "internal shares." As though abiding by the rule that privatization is too serious a matter to be left to private individuals. Had he pushed the free negotiability of the shares (and otherwise there is no true ownership) into the foreground and control over such transactions into the background, he would have taken the main argument from the hands of his opponents and he would not have increased the inflationary pressure of aggregate demand. But even he is obsessed with the fear that certain bad boys will easily get hold of too much property and too much power in this great social melee. Thus, Markovic, setting in motion the "electric rabbit" of ownership (when you catch him, you see that it is an internal rabbit), lost a great many supporters without pacifying a single ideological adversary.

What Will the Federal Executive Council Do?

And while the uproar increases for all of these and many other reasons not mentioned here concerning official reprivatization within the framework of the reform

package, the practical privatization, without any individualized risk for the potential owners, is developing at full speed. According to the figures presented last week by Bozo Marendic, federal secretary for development, the well-known planned limit on monthly net salaries of about 20 billion dinars ("planned" after all the excessive price increases that occurred at the beginning of the year) had been exceeded by 4.3 billion even in June, and in July it was exceeded by all of 7.6 billion dinars. Marendic even used a little trick in this conference when he fictitiously increased the real personal income by presenting the datum that last October the average salary was 547 German marks, while in July it had reached the amount of 574 marks. Marendic did, of course, mention the fact that the mark did not move on the currency exchange board during seven of those nine months, but prices were moving. Thus, the purchasing power of the dinar increased abroad, while at home it unfortunately fell.

It is, of course, the boys in the petroleum industry who fare best in privatization. In Croatia, for example, petroleum and gas producers reached an average of 15,613 dinars in June, presumably paying out money on bonds from the previous period, so that they exceeded fivefold and sixfold the average for their comrades in textile finishing, metal manufacturing, millwork, construction, and so on. Hats off to the petroleum workers! For decades now they have held firmly to the rule in this country of "the profit is ours, and the losses belong to them." They nibble away at everything they inherited from the old Croatian legacy—income from mineral wealth, income from position, income from technology, income from monopoly—and every price increase of petroleum, every updating of equipment, and all the rest they usually pass on to the Federation.

We have become accustomed, however, to the petroleum people making fun of us with their high salaries, and we will be better off to see how the Federal Executive Council intends to offset the avalanche of uncovered personal income in this election race, in which it itself has become involved. If the law on salaries and forced reprivatization falls through, or if it is proven in the Constitutional Court of the SFRY that it is unconstitutional, we will probably get the coercion without the privatization—that is, some kind of freeze. Marendic is announcing perhaps a still worse strategy—the method of putting out the salary fire with monetary restrictions. However, does the government still have the strength to sober up Yugoslavia once again, as in March and April, with rigid monetary brakes? Does the Federal Executive Council have the strength, as Marendic promises, to "find ways, as in the past, to force all the republics and provinces to carry out what they have adopted," in answering the question about the boycott of the law on salaries for which "certain of the most responsible government and party leaders" are calling?

In theory, it ought to be easiest for the authorities in Croatia, where the salaries of the noneconomic sector, with an average of 7,054 dinars in June, took first place

in Yugoslavia. (As PRIVREDNI VJESNIK ironically notes, even that miracle has finally occurred, Croatia is convincingly ahead of all the federal units—but only in the noneconomic sector.) But when the theoretical possibility of simple state intervention to the advantage of the economy comes up against reality, the outcome is uncertain. Viewed in general, like all indicators of distribution in Yugoslavia, these are more susceptible to explanation with the tools of political science than those of economics. Is the Croatian Democratic Community the “political party of the noneconomic sector,” did Croatia gain statehood so that Croatian bureaucrats could be better paid, have salaries here been raised so that new deideologized bosses could infiltrate the health service and education, or so that all kinds of money could go for the salaries of special police and the core of civil defense—these are all questions outside economics, and it no longer makes much difference whether Mesic did a lot or did nothing because of the totality of all these reasons.

It will nevertheless be most difficult in Serbia and with Serbia. It seems to the nervous workers that a direct confrontation is inevitable between Markovic and Milosevic. And perhaps the game will end in a stalemate once again, and we will have a law which is not amended, but which is not applied, a reform which is adopted, but nothing is reformed, privatization without private owners, a stock exchange with no stock, a bank with no capital, investment projects without development, production without a market, the dinar with no backing.

Need for Specific Croatian Economic Structure

*90BA0331B Zagreb DANAS in Serbo-Croatian
11 Sep 90 p 27*

[Article by Branimir Lokin: “The Road to Collapse”]

[Text] July confirmed what was already suspected: Economic activity in Croatia is continuing to slow down, and it can be asserted without any equivocation at all that this is a declining trend such as has not been recorded in any period since the war. Industrial output, for example, compared to the average values for last year, recorded an index number of 87 in May, 86.4 in June, and 72.1 in July.

With minor and structurally significant exceptions, the decline is almost linear, though we should mention that its intensity is particularly confirmed in the area of consumer goods production, whose index number in May was 90.9, while in June it was 93.5 and in July only 67. The indicators for some of the industrial branches in July are disastrous: The metal-manufacturing industry recorded an index number of 53.7; production of transportation equipment 53.8; production of electrical machines and appliances 59.8; production of textile yarns and fabrics 46.4; production of finished textile products 48.6; production of leather and fur 52; production of leather shoes and clothing accessories 34.8; rubber manufacturing 7.1; and tobacco production and manufacturing 43.

Retail sales in real terms, measured by the cumulative index, were down 25.5 percent for the period January-June; that is, the index number was 74.5, and it recorded a further slowing down compared to the cumulative result for March. The number of lodgings (January-June 90.7) is also declining according to preliminary assessments, and that is also true of other services to foreign countries, while exports are achieving a relatively high growth (113.2 for the January-July cumulative figure). Inventories in industry are also shrinking, even at a time when overall economic activity is on the decline, so that their level in June was only 1.2 percent above the level in May, except that it was lower in the sector for machines and equipment and production supplies and higher (3.8 percent) for consumer goods.

The average monthly income during this year has been tending toward smaller real growth, but compared to the first half of last year its level is more than 20 percent lower. Along with the drop of personal incomes, a drop of employment was also recorded (the cumulative figure in June was about two percent), which means that there have been further loads imposed in the matrix of reproduction, and tensions have been intensified concerning the standard of living.

The price index has been gradually slowing down since April, and somewhere in June it took on deflationary features, but then again in July, and emphatically in August, prices were beginning to rise.

Relations in distribution for the six-month period show that the structure of assets is deteriorating to the disadvantage of funds for investment and permanent working capital, while the share of resources for personal incomes and to finance production and also resources for secondary distribution and redistribution intended for public consumption is rising at the same time. Viewed in general terms, the relations in distribution also confirm a further decline of economic activity and a continuation of negative trends. Liquidity is somewhat improved exclusively thanks to bank sources.

In the money and credit area, there has been an evident change in the structure of lendings in the direction of short-term flows, since short-term lendings and cash in circulation are growing more rapidly, and savings deposits of individuals, whether in dinars or foreign exchange, are declining or slowing down.

The trends that have occurred in Croatia are confirmed almost to the last detail in the other republics and provinces, but the consequences of the recession vary depending on the level of development and reserves of the economy, the government, and above all the population.

It is unmistakable that the long agony of socialism in Yugoslavia related to the economic crisis and recession is continuing, but now the negative processes are taking on ever more pronounced irreversible features. That is why it can be said without any reserve whatsoever that the Federal Executive Council's economic and political

model that has been applied since December 1989 has contributed to the decline. It has been definitively confirmed that that model has created an immense material mortgage, while at the same time it has not achieved essential progress either in material terms or in terms of the system.

The illusion of a convertible dinar that it fed on—financed by a further drop in the standard of living, by writing off assets, by a technological lag for yet another leaden year, and with an astounding flight of capital from the country—has served exclusively for counter-productive defense of the positions of Bolshevik conservatism. After all, Yugoslavia never had a smaller market than today, never were the flows of goods between its regions so shut down, nor has the power of the federal administration, which since back in 1974 has been completely freed of responsibility, ever been so great. That power has grown to the point where recession is referred to as catharsis, and the ruination of production potential is seen as a renaissance. Also, contrary to the natural diversification of the economies of the various republics and provinces, which has opened up and grown, the federal model has strengthened standardization of the system, clearing away from under its feet what supposedly is its own point of departure, that is, democracy and an integrated market.

And what the model set forth as the crowning objective has now been utterly discredited. After all, neither foreign exchange reserves nor the "convertible" dinar have initiated investments in the Yugoslav economy. Reserves have remained immobile and have been transformed into a condition of the blockade, since activating them would involve either issuing money, which means inflation, or imports, which would mean a new mortgage, and giving them a thrust is exhausting the monetary system and constantly increasing the price of money contrary to the elementary laws of economics. The circle of the model of powerlessness is thereby closed: Restriction of consumption depresses production, and the

emphasis on monetary reserves, which are now recorded as foreign exchange as a condition of convertibility, is raising the price of money.

The consequences are a complete decline of consumption and production and a rapid rise of costs. The alternative to the model is either a further general decline, accompanied by the illusion of convertibility for a short time yet, or renewal of inflation and a flight from the convertible dinar, but with the identical consequences. The goal of restructuring and reprivatization is thereby put off for yet another generation, and the power of autocratic forces is rising with every day that passes.

First because of its poltroonish and polytronic political status and colonial government, and later because of the inability of its political, but even more so scientific emissaries in whom power was vested, Croatia has accepted the economic and political model of A. Markovic, which is utterly inexplicable, since, thanks to it or Markovic's charisma, it is this Republic that has uncollected receivables amounting to about \$2 billion within Yugoslavia and the same amount of losses under the heading of appreciation of the rate of exchange for the economy and the public, and the losses related to the decline of production cannot even be calculated. Almost without control, mainly because of the strength of suspicion, Croatia also consented to the slicing up of its financial balance, separating the dinars from the foreign currencies and thus blending its own financial potential into the federal matrix, which was placed under the control of the new monetary dirigisme of the National Bank of Yugoslavia. Thus, the Croatian financial surplus was mostly what covered the Yugoslav deficit, and the colonial status has now been restored in a new form.

The conclusion remains that at this moment the Republic of Croatia is the only one in Yugoslavia that has a positive financial balance in the value of about \$2 billion, but it is certain that the effects we have talked about will be lost before the end of the year. Croatia, then, has only a few months left to establish its own economic and political model and avoid the otherwise inevitable collapse.

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